



What happens at BOC

New faces Page 28

FRIDAY JANUARY 19 1996

Faltering relations

Europe, Page 18

Weekend FT The sounds of peace

World Business Newspaper **IBM** profits beat **1990 level after** strong earnings

next?

Page 27

International Business Machines reported stronger than expected earnings for the fourth quarter and ended the year with its highest profits since 1990. Net income for the quarter, after special charges, was \$1.7bn, or \$3.09 a share - a 41 per cent increase over the same period a year ago. Louis Gerstner, chairman and chief executive, said: "Our quarterly and full-year results indicate that our fundamental strategies are working." He said IBM was focused on "completely transforming" its traditional husi-nesses to address the market for networked computer systems. Page 21

McDonnell Douglas project in doubt: Doubts were raised over the future of McDonnell Douglas's wide-bodied MD-11 airliner after the US defence and aerospace company recognised e shortfall in demand for the aircraft by taking a \$1.8bn fourth quarter charge. Page 22

HSBC reveals \$42m fraud: HongKong Bank has discovered a \$42m fraud in its main branch in Jakarta. The bank gave no details of the fraud, which occurred in December and is currently under investigation by Indonesian authorities. Page 20

Breakthrough in nuclear test ban talks: Disarmament negotiators in Geneva said "substan-tial progress" had been made towards agreeing a landmark nuclear test ban treaty within the next six months. Page 4

Hopes for deal on German jobs: German engineering employers and the IG Metall trade union appeared to be edging towards a compromise over union demands that industry should take on up to 330,000 extra workers in exchange for workers agreeing to wage restraint. Page 3

Scania signs bus deal with China: Scania, the Swedish truck maker, said it had signed a joint venture agreement to huild huses in China and was considering a similar move into truck production. Page 4

Doctor's book on Mitterrand withdrawn: The family of former French President François Mitterrand, who died this month, succeeded in its efforts to have withdrawn from sale a book publisbed by one of his long-serving doctors. Page 3

Dispute over fighter project resolved: Germany and Britain have resolved their dispute over the allocation of work on producing the fournation £32bn (\$49bn) Eurofighter, clearing the way for manufacturing the aircraft. Page 2

US may appeal against petrol ruling: The US is considering an appeal against a World Trade Organisation dispute panel judgment that US regulations on cleaner petrol discriminate against imports. Page 4

Apple shares drop sharply: Apple Computer shares dropped sharply as Wall Street analysts downgraded the stock in the wake of the US personal computer company's first fiscal quarter losses. Page 22; Lex, Page 20

Anglo American may cut 10,000 jobs:

Yeltsin warns of further attacks against Chechens as ship hijack continues **Russia claims victory over rebels**

By John Barham in Ankara and John Thomhill In Moscow

Russia will strike again against Chechen rabels to eliminate terrorism, President Boris Yeltsin warned yesterday after claiming victory in the nine-day hostage crisis in the southern Russian village of Pervomaiskoye Mr Yeltsin said 82 of the 100

hostages being held by the Che-chen fighters had been freed, although there was no independent confirmation of these figures. Russian security forces said they had found the bodies of 153 chen rebels in the village and Ch had captured a further 28 separatists.

Meanwhile, about 10 Turkish hijackers who sympathise with the Chechen independence movement continued to hold 309 passengers and crew hostage on the Black Sea ferry Avrasva. The Turkish government said it would not allow the vessel to dock at Istanbul, where the hijackers had planned to make a public statement.

The seizure of the ferry continued to strain relations between Russia and Turkey. Mrs Tansu Ciller, the Turkish prime minister, said the Russian government was being kept informed, but she criticised Moscow's handling of

the Chechen crisis. "We feel that what is happen-ing [on board the Avrasya] relates to what is happening in Chechnya, It would not have happened if Chechnya had been han-died well," Mrs Ciller said. The Russian government also

came under renewed fire in the country's parliament for its handling of the hostage crisis and its failure to reach a political settlement with Chechnya.

A group of liberal parliamen-tary deputies demanded the res-

By Ronald van de Krol in

Amsterdam and Wolfgang

Munchau in Dusseldorf

A wounded hostage who escaped from the besieged village of Pervomaiskoye is helped by e Russian militiaman into a hospitalignation of Mr Mikhail Barsukov, head of the Federal Security Service, who ordered the artillery bombardment of Pervomaiskoye after 26 Russian soldiers had been killed attempting to storm the town.

In a rare intervention in secular politics, Russian Orthodox church leaders urged Mr Yeltsin to end the conflict in the Caucasus which they said had turned into a war against the Chechen people. "The bloodshed must be

hrothers must no longer be sent to die," the church leaders said in a letter to the president.

But Mr Yeltsin appeared in an uncompromising mood yesterday and said security forces had taught Chechen separatists a les-son. "All the bandits have been destroyed unless some of them are hiding underground," he said. Russia would deliver more blows against the forces of rebel Chechen leader Dzhokhar miles off the Turkish coast close

Daimler in last-ditch talks on Fokker deal

stopped and our sons and Dudayev to eliminate terrorism on Russian soil, Mr Yeltsin warned.

The whereabouts of Mr Salman Raduyev, who led the initial Che-chen raid on Kizlyar, in Dagestan, which sparked the hostage crisis, are not known. But he may have escaped when Chechen forces tried to break out of Pervo-maiskoye on Wednesday night. The Avrasya ferry stopped. briefly yesterday about nine

to Bregli yesterday, but the hijackers did not release two injured men and a pregnant woman as expected. Earlier they

had promised to release their 46 Turkish hostages before blowing up the ship. Mrs Ciller warned the ship would not be allowed into Istan-

bul's parrow Bosphorus straits: "That cannot be allowed. It is against our legal codes."

Ministers' pay, Page 2



By Keria Hope in Athens

Greece's governing Socialists yesterday voted to pull the country closer to its European Union partners by electing the leader of the party's reformist wing as the new prime minister.

In a close-run contest where in a close-in contest when the result appeared to be in doubt until the last moment, the Panhellenic Socialist Move-ment's 169 deputies chose Mr Costas Simitis, a former industry minister who has fought a long campaign to modernise the Darty.

He defeated Mr Akis Trochatropoulos, the acting prime minis-ter and head of Pasok's populist faction, by 86 to 75 votes in a faction, by 86 to 75 votes in a run-off ballot after the two men tied in the first round. Mr Gerazimos Arzenis, the defence minister, finished third

after many of his backers switched support to the acting prime minister. The fourth caudidate, Mr Yannis Haralambo poulos, a former foreign minis-ter, trailed far behind.

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Mr Simitis replaces Mr Andreas Papandreon whn resigned earlier this week after two manths in hespital with crit-ical lung and kidney problems. Having been chosen as prime minister-elect, he will be for-mally installed in a parliamen-tary vote in the next few days. The election of Mr Simitis, 59 clears the way for a policy shake-out which is expected to bring economic and administrative reforms demanded by tha ED in return for Ecul5bn (\$19bn) in grants to modernise infra-structure and industry. Mr Simifig pledged that he would "govern the country in a

new way", signalling an end to the autocratic leadership practiced by Mr Papandreon, the founder of Pasok.

"The country's problems need swift and co-ordinated action but with a sensitivity to social conditions," he said. Despite his appetite for reform

Schrempp moves to break deadlock over rescue of aircraft maker Officials in the Netherlands most of the money needed to The continuing uncertainty The Fokker crisis was sparked aid that Daimler Benz's supervi- ensure tha company's future. about the prospects of a capital by figures showing that the com-

gio American Com oration warned that 10.000 mining jobs in South Africa were at risk unless there were significant improvements in costs and productivity. Page 25; World Stocks, Page 40

Pool player dies: Rudolf Wanderone, the sharp shooting New York pool known as Minnesota Fats and portrayed in the movie The Hustler, died of heart failure, aged 82. He could play with either hand and was known for wearing \$100 bills in the handkerchief pocket of his jacket.



Nine killed in fire at German hostel:

Police detained two men after a fire in which nine people died and more than 50 were injured at a foreigners' hostel (above) in the north German port city of Lübeck. Most of the resideots were asylum seekers or ethnic German immigrants and prosecutors investigating the cause of the blaze have not ruled out arson. Page 2

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of Daimler-Benz, will arrive in the Netherlands today for last-ditch efforts to win agreement from the Dutch government on a rescue plan for Fokker, the

Mr Jürgen Schrempp, chairman

Dutch aircraft maker. His unexpected trip to see Mr Hans Wijers, minister of economic affairs, is a sign of deadlock in attempts to arrange a capital injection of more than Fl 3bn

(\$1.3bn) for Fokker. The Dutch company has been controlled by Daimler-Benz's aerospace subsidiary since 1993. Dutch union officials, who yesterday urged Mr Wijers to participate in the refinancing, said there was only a 50-50 chance of agreement.

By Robert Chote, Gillian Tett and

Mr Kenneth Clarke, the UK

chancellor, cut base interest rates

for the second time in five weeks

yesterday, amid speculation that he had overruled the Bank of

Justifying the unexpected move, Mr Clarke said subdued

spending in Britain's export markets had helped undermine eco-nomic growth. He added thet

inflationary pressures had weak-ened and he was confident of hit-

ting his target of 2.5 per cent or less for the underlying rate.

inflation rising further above the

target last month. Higher petrol duties in November's Budget

pushed the headline rate from 3.1 to 3.2 per cent. The quarter-point

reduction took base rates to 6.25

per cent, their lowest for a year.

But official figures showed

Graham Bowley in London

England

sory board was due to convene on Monday in Stuttgart to discuss what should be done with Fokker. The German company refused

to confirm such a meeting would take place.

The Dutch government, minor-ity shareholders in Fokker, is believed to have offered to write off Fl 800m in aircraft development credits as its contribution to the rescue. But the government has

refused to pledge the fresh capital Daimier-Benz wants injected into the company. From the start of Fokker's difficulties in August, the Dutch have

said Daimler-Benz must put up

from the European exchange rate

But yesterday's cut was too

small to trigger an immediate fall

in home loan rates. Analysis said

this would limit its political and

economic impact. "We will not be making any further moves in our

mortgage or savings rates for the time being, said the Halifax

building society, Britain's biggest

mortgage lender. The financial markets reacted

favourably. In London, the FT-SE index of 100 leading shares rose

44.5 points to a record close of

3,748.7, sterling closed only

slightly lower and gilts gained

The rate cut was welcomed by

hosiness organisations. The Con-federation of British Industry

said it should underpin a pick-up

in consumer spending and help

believed the chancellor had over-

ruled Mr Eddie George, governor

of the Bank of England, when he

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Many economists said they

support business confidence.

more than half a point.

UK cuts interest rates for

mechanism in 1992.

by saying they would sanction a capital increase for Fokker only if the Dutch government agreed to participate fully. The stalemate has been caused

The Germans have countered

said that Daimler-Benz's supervi- ensure tha company's future.

by each side wanting to keep its own contribution to a minimu Dutch unions were last night planning to take many of Fok-ker's 7,800 workers from Amsterdam to The Hague by bus today for a demonstration aimed at winning government support for the rescue.

Last year, Mr Schrempp warned he would be ready to ahandon Fokker if the Dutch government failed to participate in the capital increase.

decided to cut rates at their meet

Last month's cut was followed

by immediate confirmation that

both men supported the move.

But yesterday neither the Bank

nor the Treasury would say

whether Mr George had backed

Mr Clarke will discuss the dan-

ger of a prolonged global slow-down with his fellow finance

ministers from the Group of

Seven leading industrial nations

when they meet in Paris tomor-row. France and the Netherlands

both cut interest rates yesterday.

Yesterday's move was accom

panied hy mixed evidence on the

UK economy. Unexpectedly weak

retail spending figures suggested that talk of bumper pre-Christ-mas trade had been overdone,

but that consumer purchases

French cut rates; Page 2 Editorial Comment, Page 19 Lex, Page 20

Managed Funds

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were back on an upward trend.

ing on Wednesday.

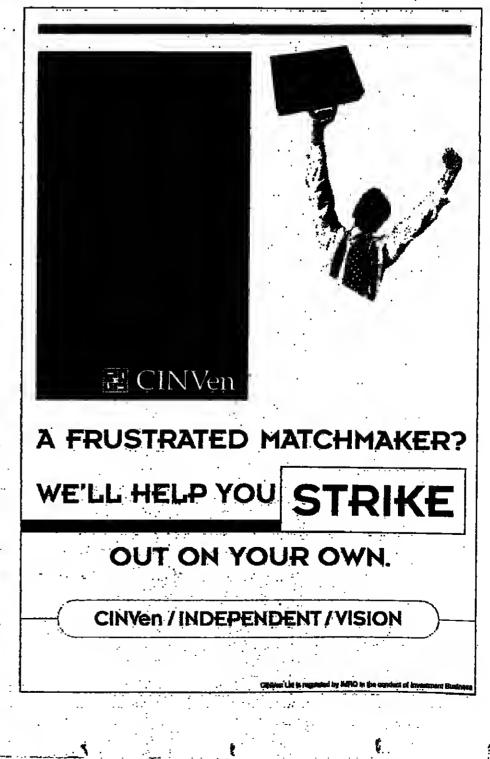
the decision.

injection again hit Fokker's shares yesterday.

The shares, among the most volatile on the Amsterdam bourse, opened down 30 per cent at F16.10 and ended the day at F16.90, a decline of 20 per cent financial guarantees provided by Dasa. from Wednesday.

pany had run up record losses of FI 651m in the first six months of Mr Simitis must move cautiously for the next few months to con-solidate his leadership. He faces the year, wiping out its remain-ing shareholders' equity. mother election contest in June, Since then, the company has been kept afloat by short-term

Profile, Page 2 Editorial Comment, Page 19 Continued on Page 20



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NEWS: EUROPE

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French economy gets confidence vote

By David Buchan in Paris

The Bank of France yesterday sent out what it called "a message of confidence" in the government's current economic reforms and in the basic health of the economy over the medium term. It backed it up with a further interest rate cut. The central bank lowered two key interest rates by a quarter point to bring the intervention base rate to 4.2 per cent and the "repurchase" rate to 5.6 per cent. It was its first rate cut since the end of last month's public sector strikes. in setting ont the central

Jean-Clande Trichet, the governor, forecast the economy could grow by 2.5-3 per cent "over the medium term", and

that there was "potential for a rebound in 1996". He acknowledged the slowdown in recent months, but said confidence was justified because of "the pursuit of the reduction of public deficits, structural reforms, the solidity of the franc and progress towards monetary union". In contrast to last year. when the governor warned the then government of Mr Edouard Balladur about the

bank's targets for 1996, Mr deficit drift, Mr Tricbet appeared to give Mr Alain Juppé, the prime minister. high marks for trying to push through unpopular welfare reforms and budget cuts.

The central bank, which two years ago was made independent of the government in the setting of monetary policy, said that it aimed to contain inflation to no more than 2 per cent and to let the monetary aggregates rise by 5 per cent to allow for growth. On the latest figures, the

monetary aggregates rose last year by no more than 3.9 per cent, while inflation was well below 2 per cent. dangers of letting the budget

After a meeting with Mr Tricbet yesterday, several National Assembly deputies said that they thought France was running the risk of an actual deflation of prices and

activity and that more should be done to boost growth. Mr Trichet claimed the economy had "important reserves of power" on which it could draw in the form of a high average savings rate by house-holds, the fact that companies had on average more than enough cash to finance new investment ou their own, and the country's trade and current

account surplus. Mr Trichet said the Bank of

France's nine-member monetary policy council, which he chairs, believed that "the growth in confidence in the economy, notably over the medium term" should improve the climate for investment by companies and reduce the precautionary tendency of consumers to save rather than consume.

Meanwhile, the Insee statistics agency confirmed Its earlier estimate that growth in the third quarter of last year had slowed to 0.2 per cent, after the same level of expansion in the second quarter and 0.7 per cent growth in the first three months of last year.

Nine die

EUROPEAN NEWS DIGEST **Belarus warns** over weapons

Mr Alexander Lukashenko, the maverick president of Belarus, yesterday warned he would allow nuclear weapons to be stationed in his republic again if eastern European countries are admitted to the Nato military alliance.

"I am afraid we will have to redeploy in Belarus the nuclear weapons that were withdrawn from it" if Nato extends membership to eastern Europe, Mr Lukashenko said.

Redeployment of nuclear warheads in Belarus, which shipped the nuclear missiles on its territory to Russia after the collapse of the Soviet Union, would cause concern throughout the west and could derail the nuclear disarmament process which began in the 1980s. Mr Lukashenko, who has a reputation for making outrageous political claims, is a strong advocate of re-uniting his Slavic state with Russia and is a political ally of the anti-western hard-line faction in Moscow, some of whom advocate reunion between the two Chrystia Freeland, Moscow states.

Hungary acts to reduce debts

The Hungarian government yesterday decided to use F192bn (\$672m) of last year's surplus privatisation revenues to pay off part of the country's crippling state debt.

The move is a blow to trade unions and the left-wing of the ruling Socialist party, which had lobbled hard for extra financing for development and infrastructure

Mr Lajos Bokros, finance minister, who masterminded last year's successful austerity package, and the central bank insisted the funds be used to reduce the national debt, which imposes a heavy interest burden on the budget.

Before yesterday's decision, Ft250bn of last year's record Ft460bn privatisation revenues had already been allocated to the 1995 and 1996 state budgets. The balance is to be used to cover expenses and debts of APV Rt, the privatisation Virginio Marsh, Budapest

Mr Harold A Whelehan SC

On November 21 1994, we commented editorially on the fall of the Irish Government, led by Mr Albert Reynolds. This event followed a seven-month delay of the extradition process from the Republic of the paedophile priest, Brendan Smyth.

The delay in extradition took place in the office of the Attorney General, then Mr Harold Whelehan. The Financial Times has studied the evidence of Mr Whelehan and officials of his department which was given, subsequent to our publication, to a parliamentary committee of inquiry in Dublin. We are happy on that basis to accept that Mr Whelehan had no personal knowledge of the case in question, which was dealt with by an official of bis department, and was never drawn to his attention.

Alitalia negotiations break down

Talks between Alitalia and unions on restructuring Italy's state-owned airline have broken down amid mutual recrimination. But pilots came in for the most blame in holding out for pay increases negotiated secretly last summer and subsequently rejected by new Alitalia management.

The impasse means that the government will almost certainly have to intervene, but little can be done until a new government is formed. Yesterday Mr Michele Tedeschi, bead of Iri, the state

holding that owns Alitalia, warned it was impossible to relaunch the troubled national carrier with fresh capital without a truce on the labour front. Alitalia, which lost L197bn (\$125m) in the first half of 1995,

has debts of L3,553bn and is reckoned to need a capital injection of L1,500bn. Debt-ridden Iri would be hard-pressed to

Greek party puts its faith in moderniser

Kerin Hope profiles the man set to take over from Papandreou

By Bernard Gray, **Defence Correspondent**

resolved

Trichet: high marks for Juppé

Dispute

fighter

project

over

Germany and Britain have resolved their dispute over the allocation of work on producing the four-nation £32bn (\$49bn) Eurofighter, clearing the way for manufacturing the aircraft. An agreement establishing production lines and tooling is likely by the sum-

At a meeting in Britain's defence ministry yesterday Mr Jörg Schönbohm, the German armaments secretary, and Mr James Arbuthnot, the UK procurement minister, agreed that Germany would increase its order for Eurofighters to 180 from 140, while Britain would buy 230 of the aircraft, rather than its initial proposal of 250. Under the terms of the mem-

orandum governing the project (which also includes Italy and Spain), this allows Germany to secure 30 per cent of the work,

the minimum it regards as acceptable. Britain will have abont 38

per cent. Both ministers said that the deal, which has to be ratified by the German parliament, effectively closed the dispute over work shares. which has

ter-elect, stands out by being ordinary.

After resigning last Septem-ber as industry minister over a botched attempt to privatise the country's largest shipyard. he went back to his second career, teaching law at the Panteios university in Athens.

There, he produced the latest in a series of books on modern-

governing Panbellenic Social-

ist Movement (Pasok). Nonetheless, his political pedigree bas the stamp of Pasok's radical origins.

In an effort to shed his "dull and boring" image before yesterday's parliamentary vote, Mr Simitis reminded an interviewer of his membership of a leftwing group which staged bomb attacks around Athens during the colonels' dictatorship in the early 1970s.

ising Greece. His moderate views, and a track record of smoothing Greece's often stormy relations with Brussels in the 1980s, were instrumental in Mr Simitis's emergence as the leader of the pro-European faction of the

n a country of colourful politicians, Mr Costas Simi-tis, Greece's prime minis-tis, Greece's prime ministo rebuild bridges with influen-tial Pasok members loyal to Mr Papandreou. The loyalists are still angry

with Mr Simitis over his campaign last year, with other prominent party rebels, to force the ailing prime minister into retirement. When Pasok first came to power in 1981, Mr Simitis

earned a reputation as a tronbleshooter by renegotiating Greece's relationship with Brussels. Mr Papandreon had threat-

ened to take Greece out of what was then the European Community, but allowed Mr Simitis to shore np relations after it became clear that continued membership would bring cash benefits equivalent

to around 2 per cent of gross domestic product yearly.

Mr Simitis later took over as economy minister to supervise an economy stabilisation programme agreed with Brussels in return for an emergency balance of payments loan.

His reputation soared after he resigned his portfolio in After months in hiding, be 1986 in protest at Mr Papan-



Mr Costas Simitis: A man of moderate views but with roots in Pasok's radical origins

administration, which is having difficulty in drawing down the large amounts of EU aid being made available to help poorer member states catch up with their richer partners. Mr Simitis underlined some of Greece's problems in his speecb yesterday to deputies: "Sadly, we lag behind in education, research, technology, in public administration, in stra-

in Lübeck hostel blaze

Nine asylnm seekers, including three children, died and 35 people were seriously injured yesterday when a fire swept through a hostel for foreigners in the northern

the city's public prosecutor, said the fire started simulta-

Police would not confirm if the fire was arson but they detained three young men who were seen getting into a car near the hostel 10 minutes

cial to building his candidacy Resistance to partial privati-

sation of state corporations is fading as Pasok tries to cultilunchtime yesterday. vate the role of the small sbarebolders. The scale of planned flotations has been cut back - only 10 per cent of OTE will be offered for sale through the Athens stock exchange later this year - and shares the synagogue were the first

neously in several places, indicating arson. If arson is confirmed, it will be the worst attack on foreigners in Germany's post-war history.

after the fire started.

The bostel had provided a refuge for asylum seekers from Syria, Lehanon, Zaire and Togo, as well as ethnic Germans from Russia and other CIS states. Many had tried to jump from the npper floors as the fire spread rap-idly through the building. It was still smonldering by

Inhabitants of Lübeck were stunned by the incident. "If this is arson, there's no end to it," a shopkeeper said. "People have tried to burn the synogogue twice over the past two years." The firebombings of

projects.

By Judy Dempsey in Berlin

German city of Lübeck. Mr Michael Böckenbaner,

been running for a year.

"This resolves the issue of work share and provides a firm basis for industry and the four partners to plan the future stages of the Eurofighter project," they said in a joint statement yesterday. Mr Schönbohm's confidence

in announcing the work share issue settled suggests that the government believes the increased numbers will not be blocked by parliament.

The companies involved, primarily British Aerospace, Daimler-Benz Aerospace (Dasa), Alenia and Casa, will now be asked for final costings on production of the aircraft. with the essentially fixed-price production terms to be included in the production contract.

Provided the costings are acceptable, there are now no barriers to making the aircraft. which has been dogged by dispute and controversy since Germany threatened to withdraw in 1992.

Flight testing continues, and the manufacturers are particularly pleased with the progress of the third prototype DA3, which is the first to fly with the new EJ200 engine.

While Britain is cutting its initial order, reduced numbers elsewhere mean that its work share will rise from 33 per cent to 38 per cent, which is worth an extra £1bn to British industry. If Britain eventually decides to replace its Harrier GR7 attack aircraft with Eurofighters, it could order up to 70 more.

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fled to Germany, where he became prominent in the Panhellenic Liberation Movement. the forerunner of Pasok, while teaching at Konstanz university.

Mr Simitis's background in what the Socialists called Greece's "national liberation struggle" against the junta will be an asset in the next few months as he tries to assert control over Pasok. He will be a political hostage

R ows of high-rise blocks dominate the skyline south and east of

Lyons, signalling the presence

of one of the more troubled

suburbs to be targeted in the

French government's latest urban initiative.

Minguettes, part of the municipality of Venissieux.

came to national prominence as a synonym for disaffection

during the "hot summers" of

1981 and 1983 when it was the

The incidence of crime is

high, as are other social prob-

lems such as drug ahuse and

educational failure. Nearly a

quarter of the population are

classified as immigrants, more than one third are under 19,

and more than 22 per cent live

in households numbering more

than five people. Yesterday, those most closely involved with the com-

munity'a problems gave a

muted response to the govern-

scene of violent rioting.

to the party until he is elected its leader in succession to Mr Andreas Papandreou at a special congress, due to be held in with reforms of the public

dreou's insistence on giving public sector workers an extra pay rise, which be said would rule out any chance of meeting the 1987 inflation target. The economy will again be Mr Simitis's priority, in partic-

ular pushing through struc-tural reforms without which last year's progress on reducing inflation and the public sector deficit will be quickly undermined.

Privatisation, which was Mr Simitis's weak point during his time at the industry ministry, must be speeded up, together

regeneration scheme. Commu-nity workers were sceptical

about whether the range of

measures announced by Mr

Alain Juppe, the prime minis-ter, in Marseilles, were sub-stantial enough to improve the

outlook for young people, and wanred that if they did not, the

level of frustration would

nist mayor of Vénisseux, who

has seen innumerable urban

policy initiatives in the past,

gave the package a cautions welcome but feared it would be

far too limited to have much

effect. "It is the mountain that

gave birth to a mouse," he

says. He compared the FFr5bn

in the package - some of it in

tax forgone rather than in new

Mr Andre Gerin, the Commu-

grow

tegic planning. Moreover, the civil service is incapable of putting policy into practice." pensioners.

As industry minister, he proved unexpectedly reluctant about privatisation, delaying the flotation of Greece's oil refining and petroleum prod-ucts group, and refusing to back a public offering of a 25 per cent stake in OTE, the state telecoms organisation.

Mr Simitis's close ties with public sector unions controlled by Pasok which opposed privatisation are blamed for his procrastination.

France's suburb of shame urges jobs plan

Andrew Jack reports on a high-rise ghetto where

on rescuing Crédit Lyonnais, the bank.

opportunities are for local peo-

ple are clear in Minguettes.

There are few businesses, and

many shops and other facilities

The concrete tower blocks in

which most of Minguettes'

35,000 people live are showing

their age - 62 were built in the rapid expansion of the late

1960s and early 1970s, of which

52 remain. in late 1994, the

town demolished 10 which had been derelict for a decade, the

worst examples of poor con-struction and subsequent

Many of those working in

the community have little

doubt about the main problem.

The signs of how limited

urban renewal initiatives have come and gone

have closed.

neglect.

ment's FFr5bn (\$1bn) urban money - to the FFr50bn spent

But union support was cru-

will be offered at a discount to since the Nazi era. thousands of employees and

to replace Mr Papandreou.

Commission for Foreigners, a government-backed depart-But, given the scale of Greece's economic and adminment which monitors attacks on them, and has sought ways to speed integration of Geristrative problems, there will be no margin for Mr Simitis to many's 6m foreigners, said it feared the worst. "We don't give way to indecisiveness, the most frequent criticism levelled against him by political want to comment yet. We colleagues and Greek business don't know if extremists killed men. One colleague said:

these people," one said. Right-wing extremists have killed 15 foreigners since 1991. "Unlike Mr Papandreou, the new prime minister will work through consensus. That The worst case was a 1993 firemeans the rest of the cabinet bombing in the west German must wake up and start pulling town of Solingen; five Turkish women and children died.

their weight.

"It's true you can strengthen

the social fabric, but the first

provide this, while direct state aid risks falling foul of EU Officials from Germany's Robert Graham, Rome competition policy rules.

De Beers talks with Russia fail

The Russian government and De Beers agreed this week to extend their diamond selling agreement until March 1, but have not yet reached a new long-term deal regulating their relationship.

In 1990, Moscow and De Beers signed a five-year pact giving De Beers the exclusive right to purchase 95 per cent of the rough diamonds exported by Russia. But that agreement expired last month and, despite several rounds of negotiations, Russia and De Beers have failed to agree on a new arrangement.

According to the Russian news agency Interfax, additional talks are due to be held over the next few weeks.

If De Beers, which controls more than 80 per cent of the world market in rough diamonds, fails to reach an agreement with Russia the shape of the global diamond industry would be seriously altered. Chrystia Freeland, Moscou

Azerbaijan agrees oil transit

Russia and Azerbaijan yesterday signed a long-awaited oil transit agreement, viewed as an essential step for developing the massive oil resources lying under the Caspian Sea. The delay in signing the agreement, which had been finalised last autumn, was causing concern among members of an international consortium which is exploiting the Caspian Sea oilfields. The signatories blamed the delay purely on "technical problems".

The Azeri government has guaranteed that at least 5m tonnes of oil a year will flow through the Russian pipeline system by the year 2002 for export on to world markets. The oil will flow through an existing pipeline infrastructure, which runs from the Azeri capital of Baku through the troubled region of Chechnya to the Russian Black Sea port of

Mr Valery Chernayev, the president of Transneft, the Russian pipeline operator, said this route was the best option. But concerns about the political instability in Chechnya have ensured other outlets are being developed for Caspian oil, via Georgia and Turkey. John Thornhill, Moscou

ECONOMIC WATCH

German foreign assets fall

Germany Net foreign assets (DM bn) 600 -



Germany's uet foreign assets

- beld by companies, banks,

its high current account end-las deficits. The Bundesbank said DM122bn (60 per cent) of the

fall in Germany's net external asset figure since 1991 was caused by current account deficits. The rest was due to valuation changes over the last year-and-a-half through the D-Mark's, mainly against the dollar.

The gross foreign asset total rose by DM564m to DM2.301bm after 1991, one reason being the introduction of a withholding tax in 1993 that led domestic investors to send funds abroad. This was offset by gross liabilities of DM2,017bn, up by DM773bn over the period. The fact that nearly 80 per cent of these were in D-Marks showed foreign investors' confidence in the German economy, the bank said. Andrew Fisher, Frankfurt

Polish leader says spy row may force poll

By Lionel Barber and Anthony Robinson in Brussels

Polish voters could face the dissolution of parliament and early general elections if the political crisis over prime minister Jozef Oleksy's alleged links with the KGB is not resolved, President Alexander Kwasniewski warned yesterday.

Speaking after two days of talks with senior Nato and European Union officials. Mr Kwasniewski underlined Poland's commitment to democracy and its hope that talks on entry to the European Union could be completed by the turn of the century.

Mr Kwasniewski said he hoped the the specific allegations facing Mr Oleksy would be cleared up before the end of the month by the special parliamentary committee set up to evaluate

the evidence. He played down the sig-nificance of Mr Oleksy's admitted con-

tacts and friendship with a KGB agent. "It's crazy to complain of meetings between politicians and diplomats. That's part of their job. I've met a lot of diplomats from many countries in pub-lic life. I'm sure a lot of them were sples. But I never asked whether they were CIA, KGB, Mossad or the Belgian secret service. That was a risk I took,' he added. Mr Kwasniewski also sought to minimise the significance of the latest Polisb press reports of clandestine KGB funding for the Polish Social Democratic party, the re-born former com-munist party led by Mr Kwasniewski himself

"In a democracy with a free press it is easy to make such allegations but more difficult to establish the truth," he said. The important thing is to resolve such questions openly and through legal channels," be added.

1936

The same principle applied to the party manoeuvres aimed at forming an alternative coalition. "The present government has a strong majority in parliament. If somebody wants to change this, the democratic way is to call new elections. I am not in favour of this. We sbould be tackling real problems, like reform of the social security system. But, if necessary, we should go ahead and not waste time," he said.

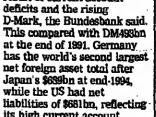
Mr Kwasniewski's decision to press on with his post-election swing through the capitals of western Europe despite the domestic crisis reflects the priorities of his presidency - ensuring the quickest possible entry to European institutions. Poland recognises Nato as "the core of a new European security architecture" and wants to join alongCzech Republic so as to be fully

involved in drawing it up, he said. He also underlined the importance of keeping Russia involved and informed. "While Nato enlargement is necessary, it must be done with Russia in mind and not against Russia." Both Nato and the former Warsaw pact countries still had many people who thought in the old confrontational stereotypes of cold war days. "So Nato also needs reform and the first sign of qualitative change would come with the entry of the first former Warsaw pact state," he added.

In March he goes to Moscow to explain Poland's attitude to Nato enlargement to Mr Boris Yeltsin, the Russlan president, whose recent reappointment of hardliners from the former regime has reinforced nervousness about future stability in the region.



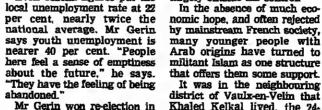
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months as a way pe incipute international ; op reals orbuis: tors in camps The riearane annest by Brittare unler pre-June 10 reporta Victorianese recolouv before returned to t the, and works last Novembo names had been The number returning to sharply lasa

because of lesis by two US co Chris Smith a olan, which min

side countries such as Hungary and the 1985 , 57 89 91 Source: Sunderbenk



Mr Gerin won re-election in the municipal race last sum-

bombings in France last year

year-old who was suspected of involvement in the terrorist network responsible for nine

and who was shot dead by gen-

darmes in September.

condition for success is jobs," says Mr Claude Poltier, head of local residents more in decision-making. But he too higha local training association for school drop-outs. "Employment lights jobs as central to the recovery of the area - a national priority he sees as is most important." Even official figures put the largely ontside his control. In the absence of much eco-

rise in support for the extreme

right National Front, prompt-

ing Mr Gerin to commission a

Disillusionment was top. It is

something he says he is trying

to address through involving

study on the reasons.

Khaled Kelkal lived, the 24-

But there was also a sharp

nomic hope, and often rejected many younger people with Arab origins have turned to militant Islam as one structure

mer, maintaining uninter-rupted control of the town hall by the Communist party since

Kohl

NEWS: EUROPE

Hopes for deal on German jobs

By Wolfgang Münchau

farus nas

German engineering employers and the IG Metall trade union appeared yesterday to be edging towards a compromise over union demands that industry take on up to 330,000 extra workers in exchange for workers agreeing to wage restraint. Negotiations between IG Metall and Gesamtmetall, the federation of German engineering employers, remain well short of a breakthrough.

But both sides signalled for the first time yesterday that they were ready to make significant concessions to reach a deal over the "an alliance for jobs" proposal - one of the most wide-ranging job initiatives ever proposed by a German trade union. Yesterday's interim agree-

not agreed on the key issue of

the amount of overtime cur-

IG Metall is proposing that

should be the principal factor in deciding how many new ment is an important developjobs are to be created. ment ahead of next week's Gesamtmetall remained sceptalks in Bonn between the tical yesterday on whether all union and employers' federaovertime could be converted tions and Chancellor Helmut into jobs, although it appeared to be softening its position over whether its members

The atmosphere yesterday contrasted sharply with the should eventually accept bindfirst meeting, held near Franking rules to cut overtime and furt last week, when both sides hire more workers - previwalked out refusing to comproously, it had insisted thet overtime cuts should be voluntary. mise on virtually anything. Mr Klaus Zwickel, president of 1G Metall, said yesterday's meeting had "closed some of In return, IG Metall said it the gaps, although we are still

would not help create jobs. Later it offered to restrict overwould agree to several provitime to 16 hours a month. sions for improved labour market flexibility. Specifically it agreed to a special low wage Yesterday, Mr Hans Joachim Gottschol, president of Gesamtmetall, said he would offer a band for hiring the long-term unemployed. The union also appears to compromise of "somewhere

between 16 and zero". He said

and a second second

rently worked in a plant have accepted employer he expected difficult negotiademands to extend the maxitions over the figure, but mum duration of fixed-term appeared less concerned over work contracts from 18 months whether an eventual agreement should be obligatory. to two years, and to allow such contracts to be renewed. The second point of disagree Gesamtmetall also gained ment is a demand by Gesamtunion acceptance of proposed metall to allow individual com-

measures to allow companies panies to reach temporary to use their workforce more plant level agreement with flexibly throughout the week. workers for lower pay in Gesamtmetall has shifted its exchange for job guarantees. IG Metall fears that such a proposition on the overtime issue since the start of the year, vision would open up the possiwhen it said cuts in overtime bility of abuse. Gesamtmetall said it now needed to consult its members

before agreeing to another round of talks. Once a compro-mise is reached the two sides will appoint an independent expert group which will work out details and numbers.

The family of former French President François Mitterrand yesterday succeeded in its efforts to bave a book pnblished by ona of his long-serving doctors withdrawn from

removed from bookshelves the

day after it went on sale. The book alleged that Mr Mitterrand had been diagnosed with prostate cancer from 1981, at the start of his 14-year presidential term, and that therefore all the regular bealth bulletins issued since

that time had been false. At least equally controver-sially, Dr Gabler, who was one of Mr Mitterrand's doctors from 1981 ontil 1994, claimed that Mr Mitterrand was so obsessed with his illness from November 1994 thet he was no longer in a position to govern

Doctor's

book on

withdrawn

By Andrew Jack in Paris

the country. Mr Mitterrand's family argued that bis book represented "a particularly serious intrasion" into the details of his private life. Separately, Dr Gubler was

interviewed during the after-noon by the judicial police in connection with a preliminary inquiry opened by the Paris public prosecutor into breach of professional secrecy. Despite the action of the court, which imposed a fine of

FFr1,000 (\$202) against each future sale of the book, preliminary figures suggested that sales of his book had already reached 40,000 shead of the

Dr Gubler's revelations have divided the country, with some annoyed by Mr Mitterrand's apparent deceit, while a substantial body of opinion criticises Dr Gabler for breaking medical secrets and disgracing

his profession. The family of Mr Mitterrand has also objected to the publication in the magazine Paris Match earlier this week of two photographs of the late presi-dent on his deathbed last week.

Ministers may Mitterrand go to back of the pay queue

By Chrystia Freeland

The Russian leadership. struggling to respond to Communist charges that it has impoverished ordinary people while enriching a small elite, A Paris court ruled that The Great Secret" written by may introduce a decree hold-Dr Clande Gnbler and pnbing back the salaries of cabinet ministers until all other govlished by Plon, should be

ernment employees have received their wages. The populist proposal is part of the public campaign the Kremlin launched this week in an apparent attempt to distance itself from last year's austerity programme and increase its popularity ahead of June presideotial elections.

The economic policy shift has already takeo one prominent victim. Mr Anatoly Chubais, the economic reformer who was sacked from his post as deputy prime minister this week, and many analysts view the moves as a sign that President Boris Yeltsin plans to run for re-election.

Mr Victor Chernomyrdin, prime minister, said yesterday thet a draft presideotial decree had been prepared which would put cabinet ministers at the back of a queue of millions of state employees on pay day. Over the past year Moscow's tough inflation-fighting economic programme has brought delays of several months in the payment of wages to school teachers, doctors, soldiers and

blue-collar workers. This helped propel the Communists into first place in December parliamentary elections and this week Mr Yeltsin told the government to "take

urgent measures" to ensure all wages and pensions were paid on time. Western financial institu-

tions and investors are concerned about the apparent shift in economic priorities, fearing It could trigger a massive increase in public spending which would bring high inflation and weaken the rouble. But Communist leaders have welcomed the trend, saying that Mr Yeltsin is adopting their economic agenda.



Chernomyrdin: pay queue

We see that the government and the president are implementing our policies," said Mr Gennady Selezniev, a senior Communist politician who was elected speaker of the parliameot this week. "They [current Russian leaders] say they are not listening to us, but, In

actual practice, they are." In particular, Mr Selezniev congratulated the Kremlin for sacking Mr Chubais, whom be described as "the most odious figure" in the government, and supported the president's new emphasis oo social welfare

spending. But the real test of bow sharply Mr Yeltsin plaos to alter his economic course will be his choice of a successor for Mr Chubais.

Mr Alexander Livshits, the president's senior economic adviser, is said to be the front-runner for the job. But some Russian observers yesterday speculated that Mr Vladimir Kadannikov, the director of the Avtovaz car company, which produces Ladas, was

also being considered. Mr Kadannikov represents the manufacturing sector, hit hard by the government's belttightening measures. He is a long-standing rival of Mr Chernomyrdin and his appointment would be seen as a blow to the moderate Chernomyrdin faction in the government.

Tension rises ahead of Bosnia pull-out

overtime

By Paul Wood, recently in Serb Serajevo

Military forces from all sides in the Bosnian conflict are due to complate thair withdrawal behind agreed lines by the end of today, the first crucial date in the Dayton Agreement's military annex. But tension remains high in

Serh suburbs of the Bosnian capital, Sarajevo, which is due to be reunited under the Moslem-Croat federation. According to the Dayton agreement, the mainly Moslem forces of the Bosnian government could enter the Serb suburbs at the end of March.

Mr Momcilo Krajisnik. speaker of the Bosnian Serb assembly, said be feared an exodus of almost all residents from the Serb-held suburbs. He described the city as "a barrel of gunpowder".

The military commander in the Serb suburb Grbavica, Captain Vukotar Lekovic, promised to co-operate with the French Ifor troops who will provide a transitional "security blanket".

But be could give no assurances about what would happen when Moslem police and soldiers arrived. Weapons under his command were being

- 9

Nations compound in Zagreb, UN officials said yesterday, Reuter reports from Zagreb. Mr Philip Arnold, information director at the sprawling UN Peace Forces headquarters in Zagreb, said the theft was a routine burglary aimed at stealing the equipment and not the data, which was believed to be also stored elsewhere He said officials were still trying to determine exactly what information had been on computer discs when the equipment was stolen at the weekend. UN officials say about 90 per cent of the material was backed up on discs and initials rather than full names were used in the testimony.

Computers containing sensitive testimony on alleged human

rights violations in Croatiz have been stolen from the United

handed over to the Bosnian Moslem occupants when the Serb police. Serbs attacked in July.

By nightfall, the mountain "If I stay here when the Mos road leading from the Serb sublems come, I will be finished. The people are scared. Many urbs of Ilidza and Grbavica was jammed with cars and died for this land, many chiltrucks. Factories, offices and dren. Now we have to leave without firing a bullet, leaving homes are heing stripped of everything as the deadline for even our cemeteries." the handover nears, Brigadier Andrew Cumming

In one apartment block in Grbavica, all but two flats have lfor's senior spokesman, talked of his "sadness" at what was happening in Sarajevo. The Bosnian capital remained a big been emptied. A soldier, Alexander Indiic, was loading the potential problem for the peace last of his bathroom fittings implementation force. into an army truck. Some resi-

dents have paid as much as DM1,500 (\$1,040) to hire a lfor commanders have appealed to the Serbs to stay in their homes. But they say they cannot interfere with the lawvehicle to taka their belongings, many times what most families would earn in a year. ful free movement of civilians, Mr Indjic said he was movone of the rights set out in ing into a house in the former Dayton, but will try to protect government-beld enclave of property in the Serb subarbs Srebrenica abandonad by its while the owners are away.

Christopher Brown-Humes in Stockholm

Mr liro Viipanen, Finland's finance minister, said yesterday he was stepping down after five years dominated by

tough austerity programmes. He has been asked to take over as chief executive of Pohjola, one of Finland's top insurance groups.

Mr Sauli Niinisto, a fellow conservative and the present justice minister, is strongly tipped to take Mr Viinanen's place, underlining the fiveparty coalition government's continued commitment to fiscal discipline.

Mr Viinanen, 51, came to symbolise Finland's battle to clean up its finances after it was hit by an unprecedented slump that wiped 15 per cent off gross domestic product between 1990 and 1993.

Since taking over as finance minister in 1991, he has implemented or set in train a FM50bn (\$11.4bn) programme of spending cuts, around 10 per cent of GDP.

His association with the programme meant he retained his post when a Social Democraticappointment at Pohjola will be led government succeeded the taken next week.

Finnish finance minister decides to step down previous centre-right coalition

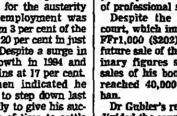
last year. The measures won the confideoce of financial markets, bringing a sharp npturn in the markke and a big drop in bond yields over the last two years. They were also recognised by Euromoney magazine, which made him its

finance minister of the year m Bot Mr Vilnanen's critics argued that Finland paid too high a price for the austerity

drive as unemployment was forced up from 3 per cent of the workforce to 20 per cent in just three years. Despite a surge in economic growth in 1994 and 1995, it remains at 17 per cent. Mr Viinanen indicated he

was anxious to step down last autumn, partly to give his suc-cessor plenty of time to settle into the job before Finland's next general elections in 1999. At that stage, it seemed he had en persuaded to stay on by Mr Paavo Lipponen, the prime

minister. Mr Vilnanen made it clear yesterday that he was not leaving office because of any disagreements with government policy. A final decision on his



Japan bailout plan hits further setback

By Gerard Baker in Tokyo

The Japanese government's plan to spend Y685bn (\$6.7bn) nn a ballout of collapsed housing lnan companies received a further political setback yesterday when it was reported a number of former senior finance ministry officials bad taken Incrative jobs with the companies at the height

of their lending excesses. The Asahi Shimbun newspaper said

seven mortgage lenders when they had retired from the ministry in the late 1980s. At that time, the housing lenders were beginning a wave of speculative property-related lending that fattered when land prices fell in the early 1990s.

The disclosure will increase pressure on the government to modify its unpopular bailout package. The plan The Asahi Shimbun newspaper said has to be approved by parliament in 12 finance ministry officials had what promises to be a stormy session

become presidents or chairmen at the seven mortgage lenders when they had retired from the ministry in the some roling coalition members are understood to have reservations about it.

Mr Ryutaro Hashimoto, the prime minister, has promised the price of approval of the ballout will be a full inquiry and strict allocation of blame among those held responsible. The news tha companies were led hy senior ex-bureaucrats will strengthen calls to overhaul the finance minis-

try's role in financial regulation. The newspaper also disclosed new details about the links that have tied the housing lenders to Japan's leading financial institutions. Japan's

NEWS: ASIA-PACIFIC

largest banks founded the companies in the 1970s and many ex-bank officials still occupy senior roles. In all, 73 of the most senior 78 executives at the companies are former officials of the finance ministry, banks, stockbrokers or life assurers.

The number of bureancrats-turned-

managers fell after 1990 as the minis-try belatedly clamped down on prop-erty lending by banks. However, public mistrust of financial institutions and regulators in Japan remains Intense

They are all widely hlamed for creating the country's present financial crisis, of which the housing loan problem is merely the most pressing manifestation.

Opinion polls show two-thirds of the public against the bailout plan.

Kong's new masters.

traded in Hong Kong or Shang- saw as a lack of trust in Hong

ASIA-PACIFIC NEWS DIGEST **Japan** increases Pakistan loans

The Japanese government yesterday announced a sharp increase in official lending to Pakistan. The Japanese foreign ministry announced yesterday during a visit to Tokyo by Pakistani prime minister Benazir Bhutto that it had allocated an extra Y20bn (\$190m) to finance a hydro-electric power plant in northern Pakistan.

The 30-year untied loan with an interest rate of 2.3 per cent brings to Y49.8bn Japan's outstanding official loans to Pakistan. Ms Bhutto, the first foreign leader to visit Japan since its change of government last week, came under pressure from Mr Yukihiko Ikeda, the new foreign minister, to join the Nuclear Non-Proliferation Treaty. In reply, she reiterated Pakistan's position that it would join the treaty only if India signed np at the same time.

Ms Bhutto, on a mission to improve hilateral ties, is today to open a conference on investment in Pakistan, to be attended by business leaders from both countries.

Addressing a lunch with Japanese businessmen yesterday, she called for greater co-operation in computer software between the two countries. William Dawkins, Tokyo

Australian trade deficit may rise

Merchandise imports into Australia rose 4.6 per cent to A\$6.59bn (£3.18bn) in December, leading to fears that the monthly current account deficit could head back towards A\$2bn when export figures are released in a few weeks. The rise in imports was larger than most analysts had forecast: some had been predicting a decline. Yesterday's data was generally interpreted as further evidence the Australian economy did not slow sharply in the fourth quarter of 1995, as once feared. A poor December current account outcome would also be further reason for the Reserve Bank to hold off on any interest rate cut before the federal election, due in the first half of 1996. Nikki Tait, Sudner

Taiwan telecoms draw investors

Domestic and foreign companies are positioning themselves to enter Taiwan's fast-growing telecoms market following parliamentary approval this week to liberalise it. Some of Taiwan's biggest business groups, including the foods concern President Enterprises, Pacific Wire and Cable, the diversified Rebar group, Northern Telecom of Canada, Hong Kong Telecom and Sweden's Ericsson are seeking a role. This is despite a last-minute decision to lower the maximum foreign stake in certain domestic telecom ventures to 20 per cent from one-third. The ceiling applies to international and domestic phone services, and the China Telecommunications Corp., to be spun off from the state telecoms agency. Foreign companies expressed disappointment at the change but remain undeterred. Laura Tyson, Taipei

Indian resignations approved

Indian president Shanker Dayal Sharma has accepted the. resignations of three cabinet ministers, clearing the way for the government's Central Bureau of Investigation to prosecute them in a \$18m bribery and money-laundering scandal which broke on Tuesday, only months before a general election. Mr Madhavrao Scindia, the buman resource development minister, Mr Balram Jakhar, the agriculture minister and Mr Vidya Charan Shukla, the parliamentary affairs minister, reluctantly submitted their resignations after Mr Narasimha Rao, the prime minister, hinted that they would not be protected. All three ministers claim they are innocent.

hina seeks to woo Jardine back to Hong Kong

By Louise Lucas in Hong Kong

Mr Lu Ping, China's top official on Hong Kong affairs, yester-day issued an indirect invitation to the Jardine group, which delisted its shares from the Hong Kong stock exchange at the end of 1994, to return to

the territory. In an effort to demonstrate China's commitment to freedom of movement in Hong Kong, he said: "Our policy welcomes people, including Jar-

dina'a, returning to Hong Kong. If Jardina's finds Singapore is not as good as Hong Kong, we welcome the company to return to the territory.

It is barely three years since attacks from Beijing were urging Jardine to gui zi, a donble entendre on "go west" which also means "go to hell". Mr Lu'a remarks, made to a delegation of Hong Kong busi-ness chiefs, follow rumours in the market suggesting Jardine

will return to the Hong Kong bourse. However this specula-tion, which has helped chase Kong remained the key focus up the price of stocks within of Jardine business, account-

Three years ago China was urging the company to leave the colony

ing, together with China, for some 50-60 per cent of group the group in recent weeks, has been denied by the company, at least for the near term. profits. However, he relterated Mr Neil McNamara, group the group's longer-term hopes corporate secretary, said Mr to see Jardine stock again

in the upper echelons of China's Communist party, is not given to loose talk; nor is it likely he is courting the company perceived by China to symbolise the evils of imperialism. Five of the companies in the Jardine stable quit the Hong Kong stock exchange after failing to win regulatory exemption from the colony's takeover code, in what many

Mr Lu, like most of his peers

Mr Lo tried to assuage Hong Kong citizens' fears that the post-colonial government would simply be a puppet administration of Beijing. Peo-ple who believed there would be a "party secretary" alongside the legislature, judiclary and chief executive, as the governor's successor will be called, clearly misunderstood the "one country, two systems" policy for the territory, he said.

Hanoi ready to step up reabsorption of refugees

By Peter Montagnon and Jeremy Grant in Hanoi

Vietnam has cleared the names of a further 9,000 boat people for repatriation from Hong Kong over the past couple of months, as an indication it may be preparing to respond to international pressure to step up reabsorbing the 37,000 refugees in camps around Asia.

The clearances will be wel-comed by Britisb officials, who are under pressure from Beijing to repatriate all the 21,000 Vietnamese remaining in the colony before Hong Kong is returned to Chinese rule in 1997, aid workers said. Before last November only 2,000 names had been cleared.

The numbers of refugees returning to Vietnam fell sharply last year, largely because of legislative proposals by two US congressmen, Mr Chris Smith and Mr Ben Gilman, which might have opened the door for settlement in the

C

US. But aid workers say the Among new factors are Vietattention generated by the US nam's membership of the Assoproposals masked a alow cistion of Sonth East Asian response to the problem by Nations, which has brought pressure from Thailand, Malay-Vietnam sia, Indonesia and the Philip-

In all, only 3,186 Vietnamese pines to take back refugees in returned home from Hong their countries.

the boat people

in Hong Kong

after 1997

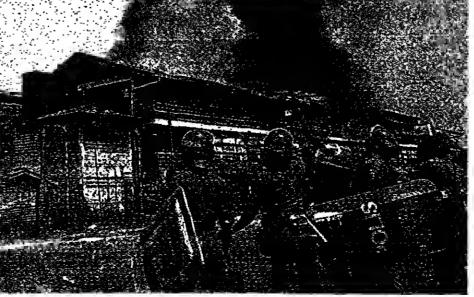
forced repatriation.

Some aid workers believe Hanoi would Vietnam would prefer to avoid having to deal with China on prefer not to deal any refugees remaining in with China over Hong Kong after 1997.

Pressure is likely to increase after last weekend's meeting in Bangkok of countries involved in the UN-sponsored Comprehensive Plan of Action on refu-

But participants say the lev-Kong last year. This is well below tha level required to els of repatriation may still depend on the degree to which complete the pro-cess by 1997, refugees abandon hope of US prompting worries that tension settlement opportunities.

As an alternative to the in the run-up to the handover Smith/Gilman plan, the Clin-ton administration has prowould be worsened by Sino-British arguments about the boat people, as well as a possi-ble widely publicised rise in posed a scheme which would involve resettlement screening of refugees by the US but only



Malaysian police opened fire and used teargas yesterday to quell a new riot at a camp holding Vietnamese boat people. Seventeen inmates were injured. Some of the 4,300 inmates torched their huts and hurled bombs at police after they tried to search the camp. AFP, Kusia Lumour

after they first travel to Viet-"The Vietnamese governnam. The idea has met with little enthusiasm from the anthorities in Hanol The US proposal is the US's

business," said Mr Dinh The Lap, director of the refugee aid workers say Vietnam office at the ministry of labour. does not want US officials absorbed.

administering the scheme ment is carrying out a policy of inside Vietnam. receiving the returnees without any discrimination" Mr Lap declined to discuss the US proposal in detail, but be unfair on those who have already returned and been re-

It is concerned that the eligibility criteria should remain rather vague and feels it would

Shiraz Sidhoa, New Delhi

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NEWS: INTERNATIONAL

and a second second

Breakthrough in nuclear test ban talks

By Frances Williams in Geneva

A landmark comprehensive nuclear test ban treaty can be agreed by the summer, disarmament negotiators said yesterday.

Mr Lndwik Dembinski of Poland, chairman of the CTBT negotiations in Geneva, said "substantial progress" had been made in the past few weeks on key aspects of the draft treaty.

"There is a political will to for its entry into force and the conclude this treaty within the next six months... I would rate the probability of success as very high," he said. About 90 countries, includ-ing all five declared nuclear ment measures.

weapons states, have been Mr Dembinski noted that negotiating for two years four of the five declared nuclear powers - the US. under the auspices of the UN France, Britain and Russia disarmament conference. have agreed on a "zero-yield" The main outstanding issues

are said to concern the scope of the treaty ban, the conditions explosions however small.

China is still holding out for an exception to be made for problem of on-site inspection. "peaceful" nuclear devices, Non-aligned nations are also battling to secure committhough it has no support from ments from the nuclear weapother nations. Other indications suggest China may be ons states to future disarmawilling to join in a consensus on a "zero-yield" ban, according to western officials.

Mr Stepben Ledogar, US disarmament ambassador in Geneva, said last October that approach banning all nuclear "it appears now that all five nuclear weapons states are on

board" for a zero-yield treaty. However, China has not confirmed its support. Elsewhere, there is appar-

.

ently agreement on the techni-cal verification regime - using a variety of detection systems - and on the principle, though not yet the details, of on-site inspection as a last resort.

Progress has also been made on institutional matters, Mr Dembinski said. Vienna has offered to host the new treaty

monitoring body, which will need to work closely with the international Atomic Energy Authority already based in the Austrian capital.

The US, Britain and Russia are observing a moratorium on nuclear testing while the negotiations proceed. France. whose latest series of nuclear tests in the Pacific has sparked international outrage, says it will conduct its last nuclear explosion next month

Arafat set for landslide but democracy may come second

n the back streets of the West Bank town of Nablus a group of angry young men surround two youths putting up posters calling for a boycott of the first Palestinian elections, to be held tomorrow. The youths, associated with the Islamic Hamas movement,

are quickly escorted to the police station for questioning by men claiming to be members of the increasingly notorious Palestinian Preventive

Security Apparatus. The incident is one of many in the election campaign, which ended yesterday, that could amount to a serious breach of democracy by Mr Yassir Arafat, the Palestinian leader, his dominant Fatah faction and his security forces.

Mr Arafat and Fatah appear set for a landslide victory in two separate ballots: one for president of an executive authority and the other for an 88-member legislative council.

Hundreds of foreign observers, led by the European Union, are overseeing the electoral process and will decide next week whether the elections have been free and fair.

They will have to assess a series of incidents involving Palestinian officials before polling day, including: the arrest of a prominent newspaper editor, a human rights worker and at least one opposition electoral official; the intimidation of opposition groups such as Hamas; the intervention by Mr Arafat in the internal democratic primaries of Fatab; the partiality of the Palestinian media: bribes made to opposi-

Several other people bave also been arrested in Nablus tion candidates to withdraw their nominations; and a series of decisions made by Mr Arafat and Hebron for putting up boyabout the rules and regulations of the campaign. The observers will princi-pally have to decide to what

extent the incidents mark a determined campaign of manipulation and intimidation rather than a series of technical problems and minor incideots, many committed by local hot beads.

"The elections are part of a larger political dynamic," said Mr Eric Bjornlund of the USbased National Democratic Institute for International Affairs, which, together with the Carter Centre, is participat-ing in the observation process. From the way the elections have been conducted we will be able to forecast how democratic the society will be and the possibility for democratic governance

Some of the worst abuses

have taken place in the West

Bank constituency of Salfit

where the local Fatah candi-

date faces stiff opposition from

the former communist People's

Party of Palestine, the best

organised political party to be

taking part after Fatah. Last

week Palestinian security per-

sonnel burst into an election

meeting being addressed by Mr

Khamis al Hammad, the PPP

candidate, and promptly

arrested his campaign man-

ager, Mr Thamin Yusuf Badah.

cho and detained for three

days. He was released without

charge or explanation after the

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intervention of observers.

Mr Badah was taken to Jeri-

cott posters or distributing leaflets critical of Fatah, the elections and the Israeli-Palestinian peace accords. Some are still being held. The arrests and the intimidation of the media are probably the single biggest challenge to the democratic process. Mr Arafat's intervention in the

election of candidates is the second. The veteran Palestinian leader overturned internal primaries in Fatah and replaced many candidates chosen by the local Fatah membership with his own loyalists.

or example, in Arab east Jerusalem, Mr Hatem Eid, a local Fatah activist who won the most votes inside Fatah and was due to top the list, was rejected by Mr Arafat and replaced with Mr Abn Ala'a, the right-hand man who served Mr Arafat for years

in exile. Several candidates who won the internal primaries but were blacklisted by Mr Arafat decided to go ahead and run as independents. They have been threatened with serious consequences for their challenge. According to the right-wing Israeli observer group, Peace Watch, five independent candidates were also successfully bribed to drop out of the race by being given senior jobs in the Palestinian ministries. A third issue has been access to the media by the candidates.

Reporters sans Frontières, the Paris-based group monitoring

media coverage, has alleged a "profound imbalance" in favour of Fatah and Mr Arafat. The EU has expressed many concerns during the campaign about the arrests, changes of the electoral laws and the campaign period and the intimidation. But it says it also has to assess to what extent Israel has allowed a free and fair poll. in particular, the EU has criticised the arrest by Israeli forces of a candidate in Hebron; the denial and the delay in issuing permits to allow free move-

dures in east Jerusaler Mr Ian Blackey, EU spokesman, said yesterday the observer mission had beeo impressed by the lack of any serious violence and the way Palestinlan officials had reacted quickly to terminate abuses raised by the EU.

ment; and restrictions placed

by Israel on the voting proce-

Critics say it is almost impossible for the EU to do anything other than certify the elections free and fair, albeit in a qualified manner. They say that because the EU has invested Eculom (£7,9m) in the observation process alone, and was responsible for the technical assistance in preparing the elections, it has too much of a vested interest in making the process a success,

The EU denies the allegation. But it knows that it must tread a thin line between the strict democratic judgments involved in election observation and the broader political picture of the Arab-Israeli peace process.



Demonstrators in the Palestinian town of Hebron yesterday Julian Ozanne calling for a boycott of tomorrow's elections

in Chinese

Scania, the Swedisb truck

maker, said yesterday it had

signed a joint venture agree-ment to build buses in China

and was considering a similar

move into truck production.

The announcement reverses

Scania'a earlier refusal to

make industrial investments in

China because of rules barring

foreign majority control over

Scania said it had agreed

with the Shandong Bus Corpo-ration, in the eastern province of Shandong, to start a 50-50 joint venture to produce up to

1,000 inter-city buses a year in the city of Liaocheng. The ini-

tial investment was \$10m. Mr Lief Ostling, chief execu-

tive, said the equal ownership agreement, which has been backed by the provincial gov-

ernment but still requires

approval by national authori-

ties, gave Scania day-to-day

control over the joint venture's

operations under a chief execu-tive to be appointed by Scania.

"It is vitally important to us

that we find a structure which

gives us that management con-trol." he said.

Mr Ostling added that Scania

was also researching invest-

ment in truck production in China, but these plans remained at an early stage.

The bus company investment

was "a small step into the Chinese market. The important

thing is to build up experience

Scania - the world's fifth

largest and most profitable

heavy truck maker - is sched-

uled for stock market flotation,

possibly this year. by its

owner, investor, the main hold-

Its cautious approach to

of operating there."

vehicle manufacturing.

waters

By Hugh Carnegy



to cut tariffs Morocco has been making a significant push to liberalise its services sector, especially banking, and sell state-owned companies, hut needs to revitalise the reform programme in other areas of the economy, the World Trade Organisation says in a report published yesterday.

The report is critical of high trade barriers protecting Moroccan farmers and manufacturers which it says raise costs for the important tourist industry and more advanced manufacturing activities. Despite the good results of earlier liberalisation efforts, "Internal resistance and administrative and legislative delays seem to have blunted the initial enthustasm" for reforms, the WTO says.

Agriculture, once the mainstay of the Moroccan economy, has shrunk in importance because of persistent drought, the report notes. Services now account for more than half the country's GDP.

Foreign exchange earnings from tourism already match those from farm and fish exports, which together with textiles, clothing and phosphate generate 80 per cent of Morocco's Frances Williams, Gener merchandise export earnings.

Algerian party leader quits

Mr Abdelhamid Mehrl, secretary general of Algeria's National Liberation Front (FLN), the former ruling party, has resigned, following criticism within his party for calling for a boycott of last November's presidential election. The boycott was largely ignored and associations that form the core of the FLN voted for Mr Liamine Zeroual, the former general who won a

landslide victory. Some members of the central committee had also been uneasy about the FLN's alliance with the Islamic Salvation Front, the banned party which was set to win the 1991 elections before they were cancelled by the government, provoking four years of violence. Foreig Foreign Staff

Kenya and Uganda reconciled

Feuding neighbours Kenya and Uganda were publicly reconciled yesterday at border talks when their leaders pledged to work together and revive the East African economic community. President Daniel arap Moi of Kenya said economic co-operation between Uganda, Kenya and Tanzanla would be of great benefit to the region's som people.

Relations between the Kenyan and Ugandan leaders soured when President Yoweri Museveni seized power in Uganda in 1986 after a five-year bush war. They deteriorated sharply last year when Kenya accused its neighbour of harbouring Kenyan rebels. Mr Museveni angered Mr Mol in 1987 by diverting trade from road to rail, a move which saved millions of dollars but hit profits of Kenyan truck companies, many owned by politicians. The idea of a regional economic community was revived in 1993 but failed to take off because of bitter wrangling between Mr Moi and Mr Museveni, who differ both Reuter, Malaba, Kenun by ideology and background.

Military ruler's son dies in crash

Ibrahim Sani Abache, 34, the son of Nigeria's military ruler General Sani Abacha, and 13 other people were killed when their private jet crashed in the northern city of Kano, officials said yesterday.

The crash happened on Wednesday night, five minutes before the presidential Falcon aircraft was to land in Kano. The News Agency of Nigeria said the pilot reported engine problems shortly before the crash. AP, Lagos

NEWS: WORLD TRADE

US may appeal against WTO ruling Scania dips toe

By Frances Williams in Geneva

The US is considering an appeal against a World Trade Organisation dispute panel judgment that US regulations on cleaner petrol discriminate against imports. The panel decision, the first

by the WTO, upheld complaints by Venezuela and Brazil against a rule issued by the US Environmental Protection Agency (EPA) in December 1993 which sets a different standard for imported "reformulated" gasoline than for the domestically-refined version.

The WTO report, which was circulated to the three parties on Wednesday, said that while the US had every right to set its own environmental stan-

Advanced

dards it was in breach of fair trade rules by treating imports less favourably.

The US Clean Air Act requires petrol sold in heavily polluted urban areas to contain Expressing disappointment reduced levels of toxic and with the decision, Mr Mickey Kantor, US trade representasmog-causing cootaminants, and for petrol sold elsewhere to tive, said: "We will be carefully be no dirtier than in reviewing the panel's reason-ing and our legal options, and will be consulting with Con-gress and interested members 1990. However, the EPA rule, in

force since January 1995, allows domestic refineries to use actual 1990 quality levels as a baseline while imports are of the public aboot our next steps." Under WTO rules, the US has 60 days to appeal against judged by a statutory baseline reflecting average US values in

the ruling once the report is circulated to all WTO members that year. Venezuela, the largest exporter of gasoline to the US, and Brazil claimed that this on January 29. The appellate body then has 60 days (exceptionally up to 90 days) to give obliged their refiners to meet a stiffer test than many US supits verdict, which is binding unless overturned hy consenpliers, harming export delly-

After Venezuela first chal-lenged the rule in 1994, the EPA apparently songht to equalise the treatment of imported and domestic fuel hut this was refused by Congress. which saw enforcement problems in relying on overseas refinery data. From 1998, however, imported and domestic reformulated gasoline will be

treated identically. Trade officials in Geneva speculated yesterday that a US appeal was likely despite the strong legal case against it. "They will look wimpish if they don't," said one official, citing political pressures in a presidential election year from President Bill Clinton's Repub-lican challengers as well as the vocal environmental lobby.

This first panel ruling is seen as an important test of the WTO's ability to enforce international trade rules. Under its strengthened procedures for dispute settlement, countries can no longer block rulings against them or resist implementation as they could in the **General Agreement on Tariffs** and Trade, the WTO's prede-

Despite Mr Kantor's statement that "a WTO panel or appellate body report has no force under US law", as a WTO member the US is bound by its rules and could face trade penalties for non-compliance with dispute settlement judgments. Some 25 disputes have been brought to the WTO since its creation a year ago.

WORLD TRADE NEWS DIGEST

Foreign groups thrive in Japan

Foreign companies fared better than Japan's domestic businesses during the recession, according to a survey

published yesterday. Nearly half the foreign companies based in Japan increased their sales during the economic downturn, according to the Japan External Trade Organisation. Of a poll of 578 foreign investors, 46.7 per cent increased their sales over the past three years, while just over a fifth managed sales increases of more than 10 per cent. Japanese companies' domestic sales fell by an average of 0.8 per cent during the same period. The foreign companies recorded an average 3 per cent

pretax profit as a proportion of sales in 1993, twice as high as Japanese businesses in the same year, according to Jetro. The survey showed a surprisingly high number of foreign

companies in Japan, 37.3 per cent, were planning to hire extra staff this year. This contrasts with the recruitment freeze by many leading Japanese companies. William Daukins, Tokyo

Daewoo plans \$1.2bn chip plant

Daewoo Electronics is considering building a \$1.2bn semiconductor factory in Europe. According to Electronic Times, the weekly industry newspaper, the new plant would produce custom-designed integrated circuits for the Korean group's existing European consumer electronics plants. These include a video recorder plant in Antrim, Northern Ireland and television factories in France and Poland. Daewoo is understood to have held preliminary talks in

Ireland which have secured a number of high profile semiconductor Investments recently. Other potential sites are believed to include the UK.

If the new Daewoo facility is built in Europe it would be the latest in a string of new investments in the region by leading chip manufacturers which are experiencing strong demand for their products. Paul Taylor, London

Strong yen hits ship exports

The strong yen in the first half of last year caused a sharp fall in Japan's ship exports in 1995, although it remained the world's largest ship exports in 1555, although it remained the World's largest ship exporter. The Japan Ship Exporters' Association said exports fell by 18.2 per cent in the year to 8.1m gross tons. In the first few months of the year, orders declined rapidly as the yen climbed to its highest level against the US dollar since the second world war. But by the end of the year, as the yen fell back, orders had begun to rise. Japanese shipbuilders received orders for 36 oil tankers totalling 1.25m gross tons, 47 freighters at 1.32m gross tons and 171 bulk carriers at 5.52m gross tons. It was their third largest combined order book in the last 10 years. The figures put Japan still some way ahead of South Korea, whose contracts amounted to 7.13m gross tons. Generd Baker, Tokyo

Taiwan group to build US plant

Chi Mei Industrial, a Taiwanese petrochemical company, plans to invest around \$100m to build a styrene monomer (SM) plant in the US, the company's first overseas investment. The company is reviewing sites in Texas and Louislana for the 500,000 tonnes a year facility.

Stopportonness a year facinity. Chi Mel is the world's biggest consumer of SM. This will be its the first venture to produce SM, a key ingredient in acrylomitrile bntadene styrene (ABS), used to make plastic acryloniting ontavene styrene (ADS), used to make plastic products including casings for computers and other electronic goods. Chi Mei is the world's biggest producer of ABS, at about 1m tonnes a year or roughly 55 per cent of world production. Laura Tyson, Taipei

Superhighway takes to the seas cable link Four glass-fibre strands the thickness of a human hair will carry 600,000 simultaneous conversations around Caribbean the world. Alan Cane reports

SUS.

By Alan Cane

for the

Cable and Wireless is to invest \$28.3m in an optical fibre sys-tem to link Jamaica, Grand Cayman and Cayman Brac. The system will handle 30,000 simultaneous telephone calls and provide capacity for

advanced telecoms services in the area, including regiocal and international banking, medical imaging, cable televi-sion and distance teaching.

Some \$21m of the total is being spent with Alcatel Submarine Networks, which will provide the undersea cable network. The system will incorporate the longest link in the world to operate at 2.5bn bits of information a second witboot using electronic boosters ("repeaters") on the sea-bed. it will also be laid at a depth of 6.8km through the Cayman Trench, deeper than any previous repeaterless sys-

The Caribbean is one leg of speed (64 kilobit per second) C&W's development strategy. Since 1991, it has invested circuits in a region chronically sbort of telecommunications Sibn in the region and plans capacity. Without Flag. only to invest a similar amount 30,000 circuits would be availover the next five years. able in the region by 1997, com-Installation will begin in pared to approximately 200,000 circuits across the Atlantic and August with commercial services starting in October. the Pacific Oceans.

A \$1.5bn project to create an "information superhighway" Physically, Flag consists of four glass-fibre strands each about the thickness of a buman bair surrounded by accessible to three-quarters of the world's population has begun to take shape with the laying of the first stages of the Flag (Fibreoptic Link Around armour to protect it against everything from fishing gear to

less Marine of the UK, began laying the cable off Palermo. Sicily, after clearance vessels had prepared the way. Some 16 segments of cable will be installed over the next 18 months.

It will provide 120,000 high

inquisitive sharks. It will be the Globe) cable system. The cable-laying sbip C S Nexus, owned by Cable & Wireable to carry 600,000 conversations simultaneously. The first few bundred kilo-

When completed in 1997, the cable will be the longest man -made structure, stretching 28,000km from Porthcurno in Cornwall, England, to Miura in Japan with landing points in Europe, the Middle East and Africa and Asia. The system is being built by a consortium of AT&T Submarine Systems of the US and KDD Submarine Cable Systems of Japan.

metres of cable laid off Sicily have high symbolic significance for a project which has been several years in the plan-ning and still faces substantial technological and financial risks. It has been funded privately by a consortium of Nynex Network Systems of the US, the project manager, Dal-lah-Al Baraka Group of Sau-

dia Arabia, the Asian investment Fund of Hong Kong. Telecom Holding Company of Thailand, Marubeni of Japan and Gulf Associates and GE Capital of the US.

Some 50 telecoms carriers from 45 countries, including AT&T and Sprint of the US and KDD of Japan, have agreed to purchase capacity on the cable. Total capacity sold is estimated at more than \$400m, although that is only a small proportion of the total capacity of the cable, which will be able to carry sophisticated traffic including medical imaging, well as the capacity for

Flag: the east-west connection

South Koree Chin Hong Kong AT&T Submarine Systems Inc

long-distance learning, videomissions.

conferencing, multimedia and high definition television. In a move unusual in the telecoms cable business, carriers are oot providing funding for the project and will purchase capacity only when they need it. Many of the regions it will serve currently depend on satellite transmission. Fibreoptic cable, however, provides increased security, speed, and accuracy of transmission as

advanced and two-way trans-

water. The cable has a planned 25-year life and uses components no more than once in every 10bn hours of use.

armoured, especially near the shore where it might encounter anchors or fishing gear, and may be buried in trenches in the sea bed up to a metre

ing company of the Wallenberg industrial empire. Technological risks include the danger of breakage under-

China has made it one of the slowest of the main European truck makers to enter local production. But the Swedish The cable is heavily company clearly feels it must be prepared for the longer-term potential. In 1994 it had a 5 per cent share of the Chinese heavy truck market through imports, behind its rivals Mer-

cedes and Volvo.

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NEWS: THE AMERICAS

\$600m deal agreed on **US drugs** price claims

By Richard Waters n New York

A group of big pharmaceuticals companies has agreed in principle to pay \$600m to small retail pharmacists in the US to settle claims of price-fixing. The deal throws into question the way companies charge for their products in the world's biggest drugs market.

The proposed eettlement marks the culmination of a class action lawsuit concerning the drug makers' discounting practices. Retail pharmacists generally pay far more for a drug than do the large, managed care organisations which have come to dominate much of the US market.

Managed care groups have forced the pharmaceuticals companies to offer discounts hy refusing to stock their products if they do not. Such organisations often control the prescribing practices of large groups of doctors, giving them a powerful position when negotiating for discounts.

the case "a prime example of the need to fundamentally The class action eccuses the drugs manufacturers of colluding to keep prices high for reform our civil justice sysretail pharmacists, helping to make up for the discounts offered to managed care groups

The drug makers, for their part, have always denied this, and said that any discounts are only volume-related.

Mr Parizean has spent a long politi-cal career, including the past 16 None of the companies months as premier, trying to turn believed to be involved in the provisional settlement --including the US groups Merck Canada's French-speaking province into an independent country, but it was Mr Bouchard's drive that nearly and Pfizer, along with Glaxo Wellcome and SmithKline Beesaw separatists triumpb in last year's cham of the UK - would comreferendum. ment on the deal. Several, however, issned statemente one of his last cabinet meetings in denying price-fixing. Pfizer said: "If a settlement

tive said the decision to settle

trial, reflected a recognition that US juries tend to side with

plaintiffs against big drugs

companies, and that it would

be difficult for the companies

win the case. Pfizer called

the

case, rather than go to

Quebec City. Instead of devising ways to push the independence project for-ward, it was devoted mainly to drawis agreed upon, it will in no way acknowledge any inappro-priate conduct." ing up proposals for sweeping reform of the province's bloated public sec-Merck, the US's higgest phar-maceuticals group, said that its "business practices, including

Mr Bouchard, is expected to finalise the austerity plan shortly after he takes office on 29 January. Québécois discounting practices, are completely lawful... Merck has always priced its products independently. We have not are likely to he pre-occupied for et least the next few months with such issues as health, welfare and educaengaged in any conspiracy." One drugs company execution reform, and the restructuring of

dian province.

to stop.

local government. But will the new emphasis on economic and fiscal issues help or hinder the independence cause?

new era in Quebec politics is about to begin as the charis-

matic Mr. Lucien Bouchard

prepares to take over this month as

premier of the French-speaking Cana-

In spite of Quebec's economic prob-

lems there is a growing sense that with federalists in disarray the march

to independence under Mr Jacques

Parizeau's successor will be difficult

Earlier this week Mr Parizeau held

Separatists' hopes have heen buoyed by the unexpectedly tight result of last October's referendum, in which 49.4 per cent of voters backed ssion. Mr Bouchard had an electrifying impact on the campaign with his pragmatic tactics and captivating oratory. The political climate in Quebec has

An executive at one US moved further in the secessionists' drugs company said the settlefavour since the referendum. Mr ment would not result in a big Gilles Therrien, president of SOM, a Quebec City polling firm, says: "It would take major changes to deflect windfall for the 40,000 small this trend."



Secular 'saint' eyes Quebec breakaway

Federalist disarray means independence may be hard to stop under Bouchard, says Bernard Simon

Bouchard: his first concern will be the poor economic outlook

Mr Bouchard, formerly leader of the well above the national average. The. Bloc Québecois, which represents the Montreal area, home to more than a separatist cause in the federal parliathird of Quebec's 7m inhabitants, is ment in Ottawa, will take office with especially depressed. a strong hand.

Awe at his referendum performance most of Canada's nine other provinces towards halancing its budget. Its debtand his rapid recovery from a near-fatal disease early last year, which led to the amputation of his left leg, have left Mr Bouchard, 58, with the aura of to-GDP ratio of 56 per cent is the second-highest after Newfoundland, and it expects to post a C\$4bn a secular saint. No other candidate (US\$2.9bn) deficit in the fiscal year

has contested the leadership of the province's ruling Parti Qnébécois. ending March 31. Although Quebec's A Plus credit even though Mr Boochard has never rating is not in immediate jeopardy, a been active within the party. US\$500m public bond issue floated by

Mr Bouchard has no shortage of the government last week offered prohlems to deal with. Quehec'e terms that would normally apply to a unemployment rate, at 11 per cent, is

Bouchard and his advisers are confident they can push through the austerity programme without serious political damage. "What is popularity? It's political capital," the premier in-waiting said in Montreal this week. "If you don't

Most Quebecols are braced for

tough measures, including public ser-

use your political capital, you will never achieve anything." It will not all be plain sailing, however. Mr Bouchard's ability to put the economy on an even keel without jeopardising the goal of independence will depend heavily on whether he can tame two groups of separatism supporters - Quebec's powerful public-sector trade unions and the PQ's strong-willed and fractious organisers. Mr Bouchard has little experience in government apart from a brief stint as a member of former Conservative prime minister Mr Brian Mulroney's cabinet in the late 1980s. He kept a tight rein on tha Bloc Québécois during his latter years in Ottawa, gaining a reputation as someone who likes to have his own way.

An adviser to one cabinet minister predicts: "The heart of the PQ will do anything to get to sovereignty." But a Quebec City lobbyist takes a different view saying that Mr Bouchard's prag-matic approach may not go down well in the PQ. "There is no right-wing in . the PQ," he says, "just the middle and the left wing."

Mr Bonchard has said that be remains committed to sovereignty. But he has pledged not to call another referendum unless he is sure of win-ning. Last October's vote was the second defeat for the separatists - they lost by a wider margin in 1980 when voters rejected a wetered down version of independence known as "sov-

ereignty-association". He has also ruled out an early elec-tion. The PQ currently holds 76 of the 125 seats in the province's Assemblée

However, the most telling evidence of the separatists' strong position is the disarray in the federalist camp. The leadership of Mr Daniel Johnson, the opposition leader, has been questioned not only within his Liberal party but publicly by a senior federal cabinet minister

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Mr Johnson has no obvious replacement. Some federalists hope that Mr Jean Charest, youthful leader of the federal Conservative party, can be persuaded to take the reins of the Quebec Liberals. Mr Charest was the only prominent federalist politician who emerged with an enhanced repntation from the referendum, but be has resisted approaches to move into provincial politics.

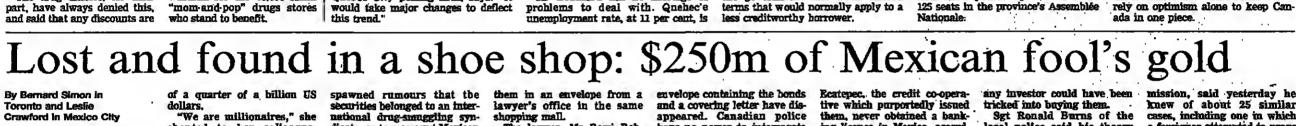
Mr Jean Chrétien, Canada's prime minister, has so far responded to the referendum cliff-hanger by piloting two measures through the House of Commons which, in effect, meet Que-bac's Longestanding descended bec's long-standing demands for a veto over changes in the constitution and recognition as a "distinct soci-ety". He has also agreed to transfer jurisdiction for jobs training, another Quebec demand, to the provinces.

These steps were necessary to fulfil promises that Mr Christian made in the final, panic-stricken week of the referendum campaign. But they have failed to strike a responsive chord either in or outside Quebec.

Many Canadians believe that a more imaginative strategy is required to persuade Québécois of the advan-tages of remaining part of Canada, and the risks of breaking away.

The present betting is that Mr Bouchard has his eye on the second half of 1997 for the next referendum. The pro-Canada camp is crossing its fingers that Quebec's economic problems will either trip him up or, at least, keep his mind off independence. Mr Chrétien continues to project a sunny optimism that all will be well.

But there is a growing sense that the federalist side would be unwise to rely on optimism alone to keep Canada in one piece.



While cleaning the floor of her small sboe-repair store in a Quebec City suburb last Friday, Ms Joanne Beandoin the police. made an astounding discovery - five Mexican certificates of deposit with a total face value

sbonted to her colleague, before taking the certificates to a bank. The manager, convinced they were real, called try.

Her find immediately ently dropped in Ms Beau-doin's shop by a United Parcel prompted an investigation in Canada and Mexico and

The lawyer, Mr Remi Rob-ert, said he received the certificates last month from a trading company in Miami as collateral for a line of credit from one of his clients. Mr Robert has refused to

have no power to interrogate the principals, including the

UPS courier, until they have clearer proof that a crime was Sadly for Ms Beandoin, how-

ing licence in Mexico, according to the National Banking and Securities Commission. Banking regulators iu Mexico City said the bonds

local police said his theory was that the bonds were part of an elaborate practical joke. But Mexican authorities sus-

vice-president at the National Banking and Securities Com-

a foreigner attempted to prove his solvency with false Mexican certificates of deposit m order to buy a Paraguayan bank.

> "My only reward is free publicity for the sbop," said Ms Beandoin.

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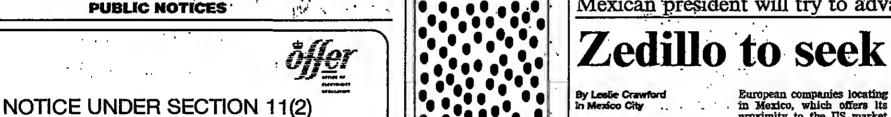
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क्रीस राजा देखें इसकी य क्रीस सम्र.

Mexican president will try to advance plan for free trade agreement Zedillo to seek closer EU ties



adopt a more expansionist economic programme for Mexico. He Lein cuss the possibility of having to govern with an opposition Congress, which the PRI has dominated since 1929. "No politician enters an election thinking he might lose." he said Mexicans, he said, were gradually accepting his handling of the presidency, which sought to curb authoritarian excesses of the past. He was working to achieve a better balance between the different branches of government, and had no wish to meddle in party political affairs - much to the consternation of some PRI politicians. Mr Zedillo said be wanted political parties to hammer out new rules for electoral reform by themselves. He studiously avoided interfering in state elections last year. When the time came to choose the next PRI presidential candidate, for elections due in the year 2000. Mr Zedillo said he would not exercise the traditional right of Mexican presidents to pick a successor. "I will not choose my successor," Mr Zedillo said. "I am not a king, much less a high priest. I am the constitutional presi-dent of Mexico. And that is enough."

assets in a safe foreign coun-

dicate, or to a corrupt Mexican politician trying to stash away

The certificates were appar-

Service courier who collected

committed.

ever, the certificates appear to identify his client. The UPS be worthless. Unión de Crédito

were such obvious fakes, and for such large amounts of money, they doubted whether

Quebec has made less progress than

pect frand. Mr Jorge Nicolín, a

OF THE ELECTRICITY ACT 1989

The Director General of Electricity Supply (hereafter referred to as "the Director") pursuant to Section 11(2) of the Electricity Act 1989 (hereafter referred to as e Act") hereby gives notice as follows:

a) He proposes to modify the conditions of the licence granted to Manweb plc under Section 6(1)(c) of the Act by inserting new Conditions 2A (restriction on activity and financial ring fencing) and 2B (availability of resources) and by amending Conditions 1 (definitions), 4 (prohibition of cross-subsidies), 5 (obligation on economic purchasing), 27 (disposal of assets) and 28 (provision information to the Director);

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- b) He proposes these modifications because the majority of the shares in the company bolding the Icence is now held by ScottishPor er pic;
- c) In summary, the effect of the modifications is: (i) with small exceptions, to limit the licence holder's business to the supply and distribution of electricity;
- (ii) to least the extent to which the licence holder may hold shares in other companies within its group of companies:
- to require the licence holder to act in a manner calculated to secure that it has sufficient management and financial resources;
- to require the licence holder to give an annual certificate as to the adequacy of its financial nesources:

(v) to prevent the acquisition of its shares by ScottishPower pic from attecting the current arrangement for the preparation of regulatory accounts and avoiding cross-subsidies;

- (vii) to restrict transactions with other members of
- its group of companies except on normal commercial terms:
- (viii) to require undertakings from its holding company that other companies within the group will refrain from actions likely to cause the Boance holder to breach its obligations. under the Act or the licence, and that othe compa vies in the group will give the licence

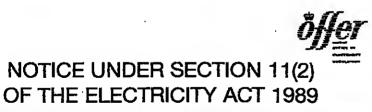
A copy of the proposed modifications can be obtained [free of charge] from the Office of Electricity Regulation. Any representations or objections to the proposed modification may be made on or before 19 posed modification may be made on or before 19 pruary 1996 to the Director at the Office of Electricity Regulation, Hagley House, 83-85 Hagley Road, Edgbaston, Birmingham 8.15 80G.

Authorised on behalf of the Director 19 January 1996

(vi) to forbid mortgaging assets or borrowing save for limited purposes;

holder all information necessary to enable the licence holder to comply with its obligation to give information to the Director.

TM Davis



- The Director General of Electricity Supply (hereafter referred to as "the Director") pursuant to Section 11(2) of the Electricity Act 1989 (c.29) (hereafter referred to as "the Act") hereby gives notice as follows:
- a) He proposes to modify the following conditions of the composite Scence granted to ScottishPower pic under Section 8 of the Act
- Condition 2 of Part II (Interpretation and construction) Condition 3 of Part II (Separate accounts for Separate Rusinesses
- Condition 4 of Part II (Prohibition of cross-subsidies) Schedule 6 (Public electricity supply charge restriction conditions).
- b) The Director proposes to make the modifications because the licence holder now holds the majority of the shares in Manweb pic.
- c) The effect of the modifications will be:

the second s

- () to exclude from the definitions of its Second-Tier Supply Business and Generation Business respectively the corresponding business of Manweb pic thereby continuing the present arrangements for the provision of secarate regulatory accounts;
- (ii) to require the licence holder to produce and deliver to the Director consolidated accounts for each of:

- its distribution business and the distribution business of Manweb pic.
- its generation business and the generation business of Manweb pic. its supply business and the supply business of
- Manweb pic, its second-tier supply business and the second-tier
- supply business of Manweb pic; (iii) To ensure that the licence holder gives no cross-
- subsidy to and receives no cross-subsidy from any member of the Manweb Group.
- A copy of the proposed modifications can be obtained (hee of charge) from the Office of Electnoity Regulation, Any representations or objections to the proposed ation may be made on or before 19 February 1996 to the Deputy Director General for Scotland at the Office of Electricity Regulation
- 70 West Regent Street
- GZ 20Z G L Sims
- Authorised on behalf of the Director General of Electricity Supply
- 19 January 1996

TO SAVE ALL Mexico begins his first state visit to Europe next week with a mission to restore his country's tarnished reputation THESE TREES WE abroad and advance plans to negotiate a free trade agreement with the European Union. DOWN THIS ONE. DOWN THIS ONE. Political assassinations, a peasant guerrilla uprising and a hruising devaluation three weeks after Mr Zedillo took office in December 1994 triggered an exodus of foreign investors which led Mexico to the brink of default a year ago.

"I have been a president who has had to deal with exceptionally difficult circumstances. which required exceptionally difficult decisious, many of them unpopular in the short term," Mr Zedillo said in an interview.

However, the president sald he believed the most painful part of Mexico's adjustment to capital flight had been undertaken in 1995, a year in which the economy contracted by 7 per cent, and that Mexico was

"I want a closer relationship with Europe," Mr Zedillo, a 44year-old former central banker, said. He would like to see more

proximity to the U President Ernesto Zedillo of and membership of the North American Free Trade Agreement.

He said Mexico would like to sign a similar treaty with the EU, and was waiting for Brus-sels to work out guidelines for negotiations. His European trip will take him to Spain, the UK

and Italy. He will also attend the international business summit in Davos, Switzerland.

At bome, Mr Zedillo has had to fend off criticism against the harshness of his economic programme, and for adopting a hands-off presidential style which has cast Mexican politics advift.

"If I knew of an economic

now ready to resume growth.

programme that yielded better results in reducing unemploy-Zedillo: seeks to restore ment and inflation, and restorcountry's tarnished reputation ing financial health, I would adopt it." he said. "But I am their leaders demanding that convinced the present policies the government abandon its will create jobs, bring about a "neo-liberal" economic policies. recovery in real incomes, and The PRI deputies warned. attract new financial resources." that unless the government could engineer a dramatic eco-Congressmen of the ruling nomic turnaround this year.

Institutional Revolutionary they risked losing control of Party (PRI), worried about the National Congress in the their sinking electoral pros-1997 mid-term elections. · Mr Zedillo said that he would pects, last week handed a weighty policy document to resist political pressures to

Outlook dims for re-opening talks to solve US budget impasse

By Jurek Martin in Washington Prospects for renewed budget negotiations appeared to dim yesterday as President Bill

Clinton and Senator Bob Dole, the majority leader, sgain staked out sharply different Mr Clinton said he had gone the extra mile" in meeting Republican demands he present a budget that could be balanced in seven years. Mr Dole

responded: "It was a short mile in my book." The president insisted that differences had been narrowed to the point that a balanced budget agreement was "clearly within our grasp right now" and that his door remained open.

Republican door was also open, day's scheduled talks.

but that the president's latest budget proposals were no more than a "spend now, save later" policy. Still, he suggested that a Sunday negotiating session might be possible.

Mr Clinton again cited a long list of substantive policy differences, covering federal health insurance, education and the environment. Mr Dole countered that the president did not want to reform anything and that it was unfair for him to hold a press conference accus-ing the Republicans of wanting to do "terrible things" and then expect good faith negotia-

tions to resume. morning on TV, follow the cancellation, at the request of The majority leader said the Republican leaders, of Wednes-

Mr Clinton said he was "discans had chosen to "walk away" from this session. Earlier. Mr Mike McCurry, his press secretary, had suggested that the opposition leaders had

traught". White House response yester-The charges and counter- worth of savings in spending charges, all aired yesterday

sounded "emotionally dis-They had demanded, in a letter to Mr Clinton, that the administration lay out new budget proposals as a pre-condition for resumed talks. The

day was to release the president's headline budget numbers, amounting to over \$700bn over seven years, in an attempt to demonstrate how far he had gone in the Republican direction.

The most significant revela-

tion in these was that Mr Clinappointed but not entirely dis-courseed" that the Republicut of as much as \$130bn, an increase from the previous net \$97bn, mostly through more capital gains tax reductions. This contrasts with the latest Republican demand for \$177bn, itself down from the \$245bn of last year's budget reconciliation bill.

Both sides appear to be struggling to win the tactical upper hand in advance of the state of the union message the president will deliver next Tuesday. Some Republicans are concerned that this occasion gives Mr Clinton a free national platform which they cannot easily match.

A second deadline for both looms a week from today when the latest temporary government funding measure expires.

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OPEN FOR BUSINESS.

obody said it was easy being the boss. And in this space, earlier in the week, we've discussed a few of the reasons why.

Like the problem of building and maintaining trust in the company.

The difficulty of ensuring that shareholders understand what you're doing to advance their interests.

Or the challenge of developing and using a strong corporate brand.

They have one theme in common: the need to communicate what you're doing to the audiences it matters to most.

didn't choose this theme at random: it's the one we know most about. In a world in which commu-J.J. HAS AN INCREDIBLE BUSINESS BRAIN, HE'S JUST nication channels are swamped AN APPALLING COMMUNICATOR raw information, the

As the era of mass communication gives way to the age of targeted messages, some media are more effective than others. There are relatively few ways to reach toplevel decision makers in business, financial markets and governments. Of these, the FT is particularly useful and accessible, all the more effective for being such a trusted messenger.

hat's enough about us. The point of this series is not just to push the FT as an advertising medium. It's also intended as a contribution to the debate on top-level management priorities as we approach the 21st century.

Above all, it seeks to make the case for a principled, open, communicative style of business leadership. You don't need a lecture on the virtues of this approach: it's

> what effective business people have always done naturally.

Not just in the quality of its analysis, the care with which it selects and reports the most important business developments, the insights it offers into world finance, economics and politics.

Financial Times stands apart.

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But also in the self-

selecting nature of its readership: the emerging global business élite, the growing number of international decision-makers who rely on a daily briefing from the world business newspaper.

To get the paper to this readership at the beginning of the business day, we're investing heavily in a worldwide network of print centres. By mid-1996, we'll have ten, spanning the globe. In Britain and overseas, the FT is strengthening its role as a unique channel of business communication.



But in today's increasingly frantic and complex business world, day-to-day pressures sometimes overwhelm that instinctive good sense. Which is why we thought we'd mention it.

Occasionally, it helps to

have someone remind you of what you already knew, deep down, all along. After all, nobody said it was easy being the boss.

If you have any comments on the questions this series raises, or you'd like to talk about the issues of communicating the corporate message, either write to John Makinson, Managing Director, Financial Times, at 1 Southwark Bridge, London SE1 9HL or call him: on +44 171-873 3233. Fax: +44 171-873 3937. E-mail John Makinson@FT.com.

Financial Times. World Business Newspaper.

This is the fifth and last of a series.

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Decision to reject Steyr Daimler Puch 'may deter international entrants to competitive tendering'

Austrian company protests at army contract

By Bernard Gray, befence Correspondent

Steyr Daimler Puch, the Austrian company which yesterday lost a £35m (\$53.9m) contract from Britain'a defence ministry for battlefield ambulances to Land Rover, has claimed in a letter to the Financial Times that it had clearly won the ambulance competition. It adds that ministers overturned the decision after heavy lobbying. Mr Alan Mawer, Steyr's

agent in the UK, argues that

such interference will damage the government's procurement process if the ministry continues to ignore the results of its own competitions.

"To blatantly ignore a recommendation from the procurement department in favour made in Britain. of a 'Buy British' campaign will ensure that few if any companies will ever again risk the UK competitive tender system," says Mr Mawer. His claims directly contra-

dict a written statement made yesterday to the House of Com-mons by Mr James Arbuthnot,

ment projects by their parent companies which could come to Wales. But the survey

makes clear that workforce

skills will be crucial to the

The 50 companies, selected

for the survey as having the

decisions on where to invest.

vehicle. The dispute centres on the defence procurement mina used for about 750 ambuister, which says the competilances, for which there was a tion between Land Rover and Steyr was "particularly close". choice of Land Rover or Steyr, Land Rover is an offshoot of and which has been the subject

Rover group, a subsidiary of of a three-year competition. Steyr acknowledges that its ambulance was slightly more BMW, and its vehicles are Mr Arbuthnot announced expensive than the Land that Land Rover had won an Rover, but says its greater speed and reliability meant the order for 8,000 general purpose vehicles worth about £160m, British Army would need a for which the Land Rover smaller fleet of ahout 700 Defender was the only real vehicles against 800 Land Rovers. The total acquisition option, and for 65 Steyr heavy vehicles worth £5m, which cost of the fleets are therefore again was the only available approximately equal, according

Big international investors

in South Wales

16 Northern Tak

11 Calaonic

12 Hitschi

14 Alcos

13-Monsario

15 Warner Larobe

16 Flobert Bosch

17 Yunna Batten

18 Dow Coming

to Steyr, while Mr Arbuthnot said yesterday that the Land Rover had "a lower acquisition cost".

Steyr claims that, judged by cost of ownership over the 15year life of the ambulance, the test used in the competition, its fleet would be more than £40m cheaper to own than Land Rovers. This is because Steyr's reduced number of vehicles requires fewer crew while its more reliable fleet would need less maintainance. Members of the Austrian government have expressed

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to compete in world-class mar-

kets, which was resulting in

the garden path". The British ministry has frequently stressed that it would

set aside its competitive policy only if strategic national capabilities were threatened. Mr Michael Portillo, the defence secretary, and Mr Arbuthnot have written letters about the ambulance contract recently. saying the competition would be "firmly based on value for

home on the range

By Clay Harris in London

The American buffalo, making a comeback on the Great Plains after its near extinction in the 19th century, will be able to roam at home on the range until the end of its days, thanks to an export order announced yesterday by a Suffolk company. The Cheyenne River Sioux

tribe of Sonth Dakota has bought the firat mobile abattoir purpose-built for buffalo, allowing animals of up to 1.2 tonnes to "be processed bumanely and in the most hygienic environment"

out on the prairie. The \$1.1m (£710,000) abattoir unit is made by significant changes in working A growing need was identi-fied for the workforce to have Sandströms Trausportprodukter of Sweden but marketed internationally by skills formerly associated with management - for example, Humas of Bury St Edmunds in the eastern England county of multiskilling, team leadership, and communication and inter-Suffolk.

It was bought by Pte Hca Ka (meaning "all the buffalo"), a commercial operation of the Cheyenne River Sioux. The tribe has 900 buffalo including calves,

Mr Hugh Fullerton-Smith, Humas director, said the sale was the first outcome of the two companies' joint venture which began last year with the endorsement of the Department of Trade. and Industry's Eureka scheme. The Swedish group had been

UK NEWS DIGEST Five jailed over Nigeria fraud disguiet about the decision. arguing that Steyr was "led up

Five men involved in the London end of a Nigerian-based £1.3m (\$2.0m) fraud were sentenced vesterday to a total of 20 years in jail. Potential victims were sent letters telling them they could receive large amounts of US dollars allegedly held by the Central Bank of Nigeria as a result of "over-invoicing". Some who replied were then persuaded to make up front cash payments to the men in order, they were told, to pay taxes to allow the money to be released by the central bank. The £1.3m was paid by 11 victims in Nigeria itself or to three men claiming to be employed by the Central Bank of Nigeria's

London agents. The three men were Mr Mathew Oke, Mr David Olayitan and Mr Abdul Khaliq, all of London. They were jailed for 3% years, 4 years and 2% years respectively. Mr Oluyitan and Mr Khaliq were convicted of conspiracy to defraud last December. Mr Oke had pleaded guilty to the same charge last September. Mr Oke and Mr Oluyitan were both recommended for deportation to Nigeria.

Another two men posed as bank managers who claimed they had received the money from the Central Bank of Nigeria. They demanded further cash payments to transfer the money to victims' accounts. Mr Victor Boulter of Bushey Heath near London and Mr Victor Watson of London were both jailed for five years after being convicted of conspiracy to defraud. The fraud operated in countries including Australia, the US and John Mason, Law Courts Correspondent Germany

Maxwell jury sets record

Jurors in the Maxwell trial in London set a record of 11 days for the longest time an English jury has retired to consider its verdicts. With sickness again taking a toll among jurors, this figure is set to rise further. A second juror fell ill yesterday, forcing the judge to cancel the jury's deliberations for the third successive day. However, the trial will resume today in the hope the jury will be fit enough to continue attempting to reach verdicts. The Lord Chancellor's Department confirmed thet the jury's 11-day stint is believed to be the longest ever. Mr Kevin Maxwell, Mr Ian Maxwell and Mr Larry Trachtenberg, a former adviser to the late publishing tycoon Robert Maxwell, are charged with conspiring to defraud the Maxwell pension funds by using shares in Teva, an Israeli pharmaceuti-cal company, which were owned by the funds to raise money for Maxwell private companies. Mr Kevin Maxwell faces another charge involving the use of shares in Scitex, another Israeli company, All have denied the charges. Mr Kevin Maxwell and Mr Ian Maxwell are sons of Robert Maxwell. John Masan

Union accepts GM offer

Vauxhall car workers in the AEEU engineering and electrical union have voted heavily in favour of the "final" three-year pay offerfrom the General Motors subsidiary. The deal was supported by 2,224 votes to 639 in a secret ballot of the workers at the company's plants at Luton to the north of London and Ellesmere Port in north-west England. The AEEU had recommended acceptance of the offer of a 4.5 per cent pay rise now followed by an increase in line with inflation over the next two years, as well as a one-hour cut in the 39-hour working week. The rest of Vauxhall's manual workforce of 7,700 are members of the Transport and General Workers' Uniou and their ballot result will be announced on Wednesday. TGWU leaders did not recommend acceptance.

Andrew Bolger, Employment Correspondent

Cost-sharing is proposed

The government has asked construction companies bidding for the main Newbury bypass contract to consider sharing some of the costs of providing additional security against protestors at the site 90km to the west of London. The proposed bypass on the main A34 road from the port of Southampton to the English Midlands would pass through unspoiled countryside There is increasing concern at the mounting expense of polic ing construction work which, together with delays caused by protesters, will force up the final bill for the road. Arguments are still raging over the final cost of the contract for the Twyford Down bypass to the south, which was won by Tarmac for £25.8m (\$39.7m) but eventually cost much more. The bill for extra security at Twyford was £4m, which the government's Highways Agency agreed to pay. It has now written to the six contractors shortlisted for the main construction contract at Newbury asking them to provide separate cost estimates for different levels of security. The six are thought to be Amec, Alfred McAlpine, Costain, Kier-Hochtief, Mowlem and Tarmac.

Shortages of skills worry international groups in Wales

By Roland Adburgham Cardiff

Shortages of skills in Wales could threaten future expansion there hy international companies, says a survey by Coopers & Lybrand, the accountancy firm. All but three of the 50 companies in the survey would recommend Wales as an investment location, mainly because of the commitment and flexibility of the workforce. But actual or potential skills shortages are the largest single reservation cited.

The survey covered about 50 of the 400 international businesses with Welsh plants, of which the greatest concentration is in he south of the region. Most of the companies are described as being "very positive" about their future in Wales

Thirty-eight would consider expansion and 19 said they were aware of mobile invest-

By Chris Tighe in Newcastle upon Tyne

5 Panasonic 4 Ceneral Electric 5 36 6 Anaston Eran best potential for growth in Wales, range in employment Z. Brilleri Alce from 50 people to 3,000. Nine countries are represented by THUN. the parent companies including the US, Japan and Germany. The names of the companies were not disclosed. The research, commissioned by the Welsh Development A concentration of companies: inclusion here does not mean that a company was in the survey Agency, found that Welsh sites were recognised by the parent companies for their sustained There was concern that the supply of professional, qualified and skilled workers was performance. One large organi-

not increasing, and that com-petition for staff could lead to higher labour costs. sation said its Welsh plant was its "most flexible, productive and profitable site in Europe." In addition to the fears of Thirty companies, however, said they had already experishortages of qualified engienced skills shortages, the neers and technicians, there majority in engineering and were worries about the recruitment of apprentices and "high- new technology in their plans

terms of GCSE results and staying-on Mr Tim Eggar, industry and energy rates. But still, I think, both local minister, warned yesterday of Britain's authorities and higher-education instiskills deficit in comparison with other tutions and employers have to raise the countries. "Wa have a major challenge expectations of pupils, parents and - to upgrade the basic skills of everyteachers." Britain could not be satisfied with the body going through the school system."

ent of the avera

has been made over the past 10 years in

added. "When I look at the international competition and I look at the standards being achieved elsewhere in Europe, in Japan and our Far East competitors, I realise we have an ever more challenging target, and none of us probably has enough aspiration if we are going to be able to compete during the . se of the next century.

quality" school leavers. There

was disappointment that the

apprentice workforce in Wales

might be diminishing because

of parental and school pressure

on young people to continue in

The research found the com-

panies were placing a marked

emphasis on automation and

full-time education.

achieved but we have to be very hardheaded, very realistic about the chal-lenges which lie ahead."

Earlier this week, the latest quarterly Business Survey North, based on responses from 681 companies in north-east England and Cumbria, showed a marked increase in shortages of skills for managerial and professional

топеу". Letters, Page 18 Buffalo abattoir at

at Sunderland University "An enormous amount has been staff. north-east England. "A lot of progress dent at age five, seven, 11 or 16, he

Opposition from chancellor to publication of paper on EU conference is overruled

Nation lagging behind competitors, says minister

Premier yields to Eurosceptics in his party

By Robert Peston, **Political Editor**

Mr John Major, the prime minister, yesterday persuaded the cabinet to back publication of a government paper on the forthcoming European Union inter-government conference. overcoming opposition from Mr Kenneth Clarke, chancellor off the exchequer.

The prime miniater's decision to yield to pressure from Eurosceptic MPs in his party who had been calling for the government'a views to be set out in a paper was taken yesterday morning. No objections were raised by

ministers in the cabinet meeting, but a senior member of the government said thet Mr Clarke, the most pro-European member of the cabinet, had circulated a paper setting out objections to publication.

Mr Clerke had beeu concerned that the paper could tie the government's hands in talks with its EU partners and could also exacerbate divisions in the party.

The government's latest concession to the aceptics

Mr John Major, the prime min-ister, has begun detailed plan-33124 or the next election fol-lowing a private strategy or ministers and Conservative party tacticians. Those present included Mr Michael Heseltine, the deputy prime minister, and Mr Brian Mawhinney, the party chairman. One big issue to be addressed is Mr Heseltine's role in the campaign. Party tacticians are desperate to avoid a clash over responsibilities with Mr Mawhinney.

The issue of Mr Heseltine's duties came as senior Tories were privately canvassing a new leadership challenge to put him in Downing Street by the next election. But there was a retreat from moves to oust Mr Major as news of their plans was revealed. The prime minister

creased speculation thet Mr abandoning the middle classes Major will also concede to demanda that he should **Baroness Thatcher preceded** Mr Major as prime minister promise to hold e referendum and leader of the Conservative if the cabinet ever decides to party. Setting out the take sterling into a single government's record in European currency. Mr Major also risked reducing inflation, mortgage rates and unemployment, he widening the split between the right and left wings of his said that was "what she sought to achieve" while, in contrast,

party when making his "we have delivered". strongest attack on Baroness Thatcher, who the previous A senior member of the cabinet last night conceded week had criticised him for

that there needed to he

dismissed leadership speculation as "nonsense". One well-placed MP said the plot to force Mr Major to stand down after the local elections in May had been deliberately revealed by rightwingers who did not want him onsted as none of their candidates were seen as ready to take over.

Cabinet ministers rallied round the prime minister. Mr Kenneth Clarke, the chancellor, said: "He is leading an extremely successful government." They were joined by a number of the grandees whose support would have been necessary for any plot to succeed, such as Sir Archie Hamilton, the former defence minister, who said an autumn leadership contest was needed "like a hole in the head". Str Giles Shaw, treasurer of the 1922 committee of Conservative backbenchers, said talk of ousting Mr Major was "rubbish".

dramatic changes in the style

of government to revive the party's fortunes. "We have got to get out of the box", he said.

He added that a change of

party leader was not his

preferred solution, but that Mr

Major should cease shirking controversial decisions. The minister had therefore

supported publication of a

paper about the EU conference because "if you have a clear

set of policies, you should have

-

them". For the same reason, he argued that the prime minister should stop prevaricating over a referendum about the single currency.

the confidence to publish

Mr Clarke, supported by the deputy prime minister, Mr Michael Heseltine, is even more implacably opposed to e referendum than he was to a white paper. But leading Conservetives are urging the prime minister

to overrule these two pro-European cabinet ministers, ceying that a referendum commitment could lead to a lasting peace in the government's civil war if it was coupled with a strong statement from the prime

minister casting doubt on the likelihood of a single currency being formed at the official 1999 start date. Tha leading proponent in calinet for a paper on the conference has baen Mr Malcolm Rifkind, the foreign secretary, who started pressing for one last November and reversed the stance taken by his predecessor, Mr Douglas

Hund

making mobile abattoirs since 1965 for the humane slaughter of reindeer in the north of the country, and Mr Fullerton-Smith built one for deer in the UK in 1989.

Sandströms Trausportprodukter now designs and builds the abattoir units and Humas handles marketing and applications for government approval. This has been granted in the UK and is nearing completion in the US. The American buffalo was nearly wiped out in the 1800s, with its population failing from 60m to fewer than 500 by the end of the century. With protection, that recovered to nearly 50,000 by 1987. The species is now exploited commercially by native Americans, and 37 tribes have formed themselves into a co-operative.

Mr Fullerton-Smith said mobile abattoirs might provide a partial solution in Europe for concerns about the transporting of live animals over long distances to slaughter. They are still likely, however, to be used mostly for species requiring special handling.

Having made the deer and the antelope pay, the pariners have turned their attention to a new market. "We've been approached hy the ostricb people in the past few days to build a dedicated ostricb unit", he said.

Andrew Taylor, Construction Correspondent

Applied Materials contract

TI Group, the specialist engineering and aerospace equipment company, said it had won its largest ever contract for indus-trial seals. Applied Materials, the US machines tools supplier, has placed an order for seal assemblies worth £70m (\$108m) over five years. The components will be produced by John Crane Belfab, the US subsidiary of John Crane International -TT's sealing systems division. Tân Burt, London

Typist claims discrimination: An unemployed male typist was ignored by a secretarial agency because of his sex, he claimed at an industrial tribunal in the northern England city of Leeds. His claim that the agency Office Angels sexually discriminated against him was supported by the Equal Opportunities Commission. He said three female candidates were called for a typing test, but he was not summoned even though he held typing qualifications.

Police to try CS gas: CS gas is to be carried in belt canisters by patrolling police officers in a pilot scheme in 16 areas. Most uniformed officers are armed only with nightsticks. Growing violence on the streets meant there was an "overwhelming need" for deployment of an incapacitating spray, said Mr Tony Burden, chairman of the self-defence subcommittee of the Association of Chief Police Officers.

Exxon offshoot follows Rockefeller's example

By Robert Corzine and Neil Buckley

Esso, the UK subsidiary of Exxon, one of the world's largest oil companies, recalled its heritage on Wednesday when it switched to a low price policy to bolster its eroding position in the retail petrol market.

The company is a direct descendant of Standard Oil of tha US, whose legendary founder, John D. Rockefeller, had a simple solution to falling market share. Give competitors a "good sweating," was his advice to executives.

In late 19th century America that meant driving prices down until the competition "felt sick." It is likely to mean the same thing in the late 20th century UK petrol market according to analysts, who were yesterday busy assessing the likely impact of Esso'a decision to match the lowest prices available. Its 2,100 service stations comprise the country's largest retail network.

How prices compare.	(national averages, lib	a micaded petrol)
Local custancy	Convented to pence starting	lucal Gooverted currency perior from
Norway Netherlands Finland 5.02	85.50 Germany 78,75 Descreak 77,83 Switzerland	1.58 5.58 7137 7.15 65.64
France 5.67 Sweden 7.43 Austria 11.30	76.21 Bep of Iteland 75.51 Lucembourg 74.93 Spain	57.00. 60.83 24.00 56.37 105.65 57.62
Begium sea 30 haly 1870	73.13 UK 72.83 Graece	55.7 205 52.76 Spring to Same to Same
On Wednesday Esso execu- tives said they had "no inten- tion to undermine the market." The cheap petrol policy was a strategic response to a funda- mental shift in the retail mar-	London. But he believed its victims were likely to be inde- pendent retailers who will find it hardest to withstand falling margins. Mr Peter Regnier, managing	by selling through 700 volume petrol stations, next to big out-of-town s stores that attract crow
ket, they claimed. Market research showed motorists were prepared to drive longer distances to buy cheaper pet- rol.	director of Opal Price Assess- ments, an industry consul- tancy, described Esso's move as "very dramatic and without precedent in Europe".	Big stores have a num advantages over indeper petrol retailers and oil or

But some analysts yesterday saw Esso's move in a different market chains have captured strategic light. "Esso'a target is 22 per cent to 25 per cent of the the supermarkets," said Mr petrol market by offering fuel Matthew Hall, an energy ana-lyst at brokers SBC Warburg in that is generally about 2p a litre chesper than thet of the

to Det 1985 ve done *s*o 700 highons, many wn supercrowds of

number of depeudent oil compaadvantage us of petrol In the past few years superin the UK and western Europe by buying in bulk, often from the refineries of the oil companies with which they compete. They also enjoy very high volumes. Mr Hall notes that

sells about 8m litres a year compared with 3m to 3.5m litres a year for the busiest oil company station and a national average of 2m litres a vear.

Moreover, amermarkets do not have to meet the costs of a European Union requirement that oil companies hold large forward stocks of fuel as a guard against supply disruptions. Nor do they have the costs associated with cleaning up pollution around older service stations. Mr Ian Upson, Esso'a managing director, says it is unwise to overplay the role of the

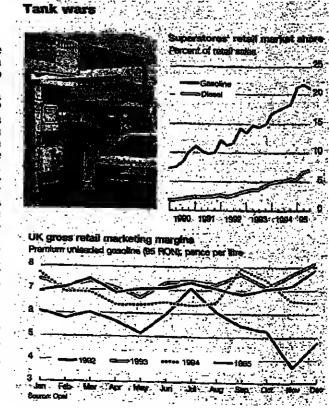
supermarkets" in prompting Esso's move. But analysts say Esso, which is one of the lowest-cost suppliers, must be worried about the longer-term intentions of the supermarkets. The rate of new superstore building may slow dua to tougher planning restrictions, but all the biggest four food-atore chains - Sainsbury,

the everage supermarket site Tesco, Safeway and Asda - are keen to open petrol stations on older superstore sites which do not already have them.

But will Esso succeed in clawing back market share? One industry observer doubts whether the big grocery chains can be stopped. After all, he points out, in France they have captured half the retail petrol market. The most likely outcome, he says, is an industry shakeout that could result in the departure of many of the smaller international oil companies from the UK markat. About 14 international companies now operate in the UK retail market. That number could fall to just the five or so

within a few years. industry observers say Esso's move is likely to depress already thin petrol retailing margins to to the point at which a number of smaller chains will consider whether tha UK market, already among the cheapest in Europe, is worth the effort.

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RECRUITMENT

JOBS: Employers are looking at alternative ways of finding graduate talent

Brand spanking new careers

e jailed over Seria fraud t is difficult to judge who are the most anxious in the current UK graduate recruitment market, students desperate to link up with employers or employers scrambling for the best students.

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Uncertainty in the jobs market appears to have been focusing students on their future careers far more than in the past. Tom Snow, director of Oxford University careers service, says he has been trying to calm students' fears. "A lot of students look over their shoulders at others who have got themselves fixed up with a job and begin to think they are unemployable, and that's rubbish," he says.

Many students, however, do seem to be looking towards their future careers at a much earlier stage in their university studies. Almost a third of first yaar students at Oxford and two-thirds of the second years have registered with the careers service. The proportion is around 90 per cent in the third year. Many of them are seeking vacation work so they can court poten-tial amployers and get relevant work experience in readiness for the day they will be graduating. The techniques of networking and

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researching future employers or industry sectors are no longer a

mystery to today's graduates. Some students, often those from reasonably affluent backgrounds, are confident enough to take some time off and see the world. Others, who are particularly gifted or who have a sought-after speciality, are finding that they are able to play the field. "Although some have difficulty getting a job, some are collecting a portfolio of offers from which they can take their pick," says Roly Cockman, executive secretary of the Association of Graduate Recruiters. Competition for the most able graduates who can start contribut-

ing quickly to a company's profits, he says, is being reflected in higher starting pay. "Starting salaries of £21,000 and £22,000 a year are not uncommon in some sectors." he

With signs of companies needing to woo students at the top of the range, it is not surprising to find employers willing to consider different forms of recruiting. Some are looking at contracting out their graduate recruitment. Andrew Nelson, who runs AN Associates, a business based in Solihull, handles

graduate recruitment for a number of clients "It ranges from simply sifting applicants for a short list to han-

dling the whole of the recruitment process, including selecting the graduates and looking after their career development in the first 18 months," he says.

The market has even led to the emergence of a headhunting firm specialising in finding graduates. Moloney Search, a search firm comprising consultants not too long out of university, is offering companies what it claims is a far less costly and more focused alternative to the "milk round", the traditional method used by big employers to present themselves to graduates. Moloney, which was set up in 1994 by Curly Moloney, a qualified medical doctor, scours the universi-ties for their most talented stu-

dents. In building up contacts with careers offices, tutors and students, it believes it can target some of the most able people, particularly where companies may need highly specialised graduates. Moloney describes traditional graduate recruitment methods as a

hit and miss process, often leading

the graduate to accept the first job offered after sending out a stream of applications. "When they realise they are not suited to the company they may leave. It can be an expensive mistake for both the graduate and the employer," she says.

The firm, which usually charges a ninimum of £2,500 a search, was willing to offer a discount when it secured its biggest contract to date searching for 75 graduate recruits for Asda, the supermarket group. Asda itself has abandoned the milk round to pursue other ways to tap the graduate market. In addition to headhunting, it has adver-tised in Viz, the calt youth comic that specialises in lavatory humour and which is fashionable among students. The advertisement says "Graduate Careers at Asda, much

better than a slap on the bum." The company, which is also allow-ing applications on the Internet, says that the Viz advertisement has brought in a far greater response than another advertisement it placed in the Independent newspa-

 Advertised demand for senior executives rose by 19 per cent in 1995, according to MSL, the recruitment services group which has just published its latest quarterly index. The index, which has been running since 1959, has been a consistently accurate indicator of economic growth as can be seen by the

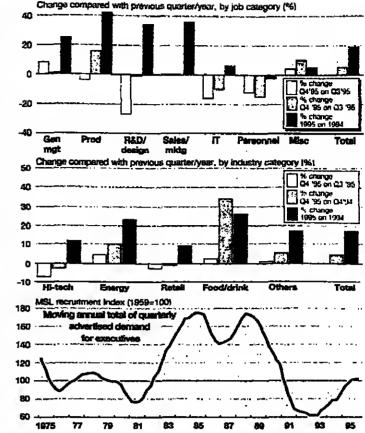
pattern of its moving ennual total featured here. The moving total. which irons out seasonal fluctua tions, rose marginally in the last quarter, continuing the steady continuous rise in demand since it last fell at the end of 1992.

Executive recruitment activity is running at about the same level as it was in early 1983. On that occasion, preceding an economic boom, the rise in demand was far steeper than it has been over the past two years. Gary Long, MSL's chairman, believes the graph is reflecting emergence from recession but he says the senior executive recruitent market still lacks confidence. "Our optimism that the market

will continue to gain strength in 1996 is tempered by the fact that some organisations are simply replacing skills rather than taking on additional personnel," he says.

Two joh categories in which recruitment advertising decreased over the year were personnel and accounting and finance. Production gest rise, up 42 per cent over the year. job advertisements showed the big-**Richard Donkin**





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You must possess a sound understanding of investment markets and products as well as the investment funds distribution process, giving you the necessary credibility with cients and colleagues alike, Excellent presentation skills should be supported by fluency in Dutch/Flemish and English backed by a working knowledge of French for the Benelux region; and fluency in German and English for the German roles, Reference: Bene/SM/FT, Ger/SM/FT.

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markets will also be part of your brief.

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marketing support materials and possess exceptional

be fluent in the local language, as well as English. Reference: Bene/MM/FT, Ger/MM/FT.

communication and organisation skills. For both roles you

should have marketing experience in the local market and

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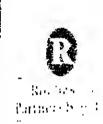
European markets. Your knowledge of investment markets

should have been gained through at least five years' experience in financial services PR. Fluency in English and

German is essential; French would be an advantage. Reference: PRM/FT.

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Our client is an International merchant bank with fellow subsidiaries in the main financial centres providing global banking and treasury services to its clients. It has established an enviable reputation in emerging markets including niche strengths in structured trade and project finance. forfaiting, corporate debt trading and international financing for corporates.

It now wants to appoint a senior syndications specialist to enhance and develop the bank's capability to respond to the financing needs of key corporates in those countries where the bank has a strong market presence. The position represents a key element in the bank's strategy and the individual will be expected to fulfil a pivotal role in the shaping of the team and position the bank to be a natural choice as arranger.

The individual will need to possess exceptional marketing skills as well as having the drive and personality required to build relationships. This is a "hands on" role which encompasses origination, structuring and distribution for which a highly competitive salary, exceptional bonus potential and usual banking benefits are offered.

Please send a detailed Curriculum Vitae quoting reference ANC102 to Rochester Partnership Limited, 7 St Helen's Place, Bishopsgate, London EC3A 6AU. Tel: 0171 256 9000 Fax: 0171 256 9111.

EASTERN Marketing Electricity Up to $\pounds 60.000 + package$

Ipswich

.• The trading and retail setling of energy is becoming an increasingly open, competitive market, particularly in electricity where all customers in the UK will have complete choice of supplier from 1998.

- The Client
 - Eastern Group is an energy company pursuing planned national and international expansion.
 - Determined to expand their major share of the 23 million electricity customers in the UK.
- * The Appointment · A new Marketing Manager to establish, then implement, a marketing strategy to help secure a
- larger share of the electricity market, within the greater energy market. Development of innovative marketing initiatives
- that attract and retain customers applying best practice from a wide range of retail and service ndustries. Reporting to the Head of Electricity Sales and
- Marketing and working with the Group strategy and trading development department.
- Fully engaged in the commercial reality of
- Proven ability in developing market strategy in the financial services, retail or energy sectors Keen interest in the application of branding.

The Candidate

11

- positioning and loyalty programmes to win and retain customers.
- Commercial acumen and objective self confidence to establish, then enthusiastically motivate, a new team.
- Graduate analytical skills, translated into clear. concise communication skills

Please send a summary of how you match this appointment with your curriculum vitae and salary details, to Peter Dell, Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference PD596.

ERNST & YOUNG

Outstanding opportunities for versatile individuals with significant project lending/advisory experience.

PROJECT FINANCE

Package £60,000-£90,000

Commerzbank AG, as a leading international German bank is an active participant in global financial markets and is expanding its investment banking business, which includes export and project finance. An award winner in European project finance in 1995, the project finance team is already well established in Frankfurt and the bank now seeks to expand its presence in London in four international industry sectors:

- Transport and Telecommunications
- Industrial Power

 Natural Resources and Environment Educated to degree standard with possibly a professional qualification or MBA, candidates should have at least four years' experience in a senior capacity on arranging and/or advisory assignments. Strong credit skills relative to limited recourse financing are required together with well developed computer modelling abilities. A proven track record in the origination, negotiation and closing of complex limited recourse transactions and first hand knowledge of capital markets and derivative products will demonstrate the candidates' potential to succeed in a competitive environment.

The positions offer a high level of responsibility for those with the flexibility, flair and inter-personal skills to contribute to the success of this growing team of investment banking professionals.

Please will you send, in strict confidence, by post/fax, full career details quoting ref: PF5315/FT to our consultants: Managing Director, CJA, 2 London Wall Buildings, London Wall, London EC2M 5PP. Tel: 0171 588 3588. Fax: 0171 256 8501.



MANAGER

The successful candidate will be responsible for managing

and developing Northern Trust's relationships with the

investment management community. This will involve

undertaking formal service reviews, pursuing business

Reporting to the Head of Investment Management

A proven track record of developing and maintaining

strong working relationships within a service oriented

development opportunities and resolving complex

Liaison, candidates should be able to offer:

A thorough knowledge of Global Custody or

The ability to actively identify new business

Strong interpersonal and influencing skills.

Commercial acumen and maturity to enable them to

influence at all levels within investment management

investment management operations.

Fund Accountants

J.P. Morgan Investment Management Inc. (JPMIM) in London is the international investment arm of J.P. Morgan & Co. Incorporated. With \$157 billion under management, it is one of the premier investment management houses in the world. These assets ore managed in a wide range of funds, domiciled throughout Europe, which invest in various financial instruments including US and international equities, bonds, money market and derivative instruments.

JPMIM is looking to expand its Funds Administration team in London by recruiting three Fund Accountants. These appointments will play an important role providing essential support from a financial accounting, tax, regulatory and fiduciary perspective.

You will be responsible for the following:

- Overseeing of daily fund operations, primarily externally produced Net Asser Value calculations.
- Development and maintenance of control procedures.
- Monitoring of accounting and tax policies relating to new and existing funds.
- Drafting of financial and regulatory statements.
- Preparation of fund expense budgets, financial analysis and MIS reporting.
- Planning fund dividend distribution.

To be a candidate, you should have three years fund accounting experience gained in a unit or master trust accounting service provider, an investment management company or exposure to the investment industry from a major accountancy

Educated preferably to degree level or with an equivalent accountancy qualification, you must be self-motivated and possess excellent interpersonal skills. PC skills are important, with the ability to speak a second European language an advantage.

These positions offer a generous salary plus benefits package and excellent career prospects within one of the leading international banks.

J.P. Morgan Investment Management Inc. is an equal opportunity employer.

Please contact Elizabeth Williamson at Shepherd Little & Associates Limited, Cleary Court, 21/23 St Swithins Lane, London EC4N 8AD. Tel: 0171 626 1161, Fax: 0171 626 9400

JPMorgan

Corporate Finance Executive International Merchant Bank

London

This is an outstanding opportunity to join a busy corporate finance team as an executive in a prestigious bank with strong Middle Eastern connections.

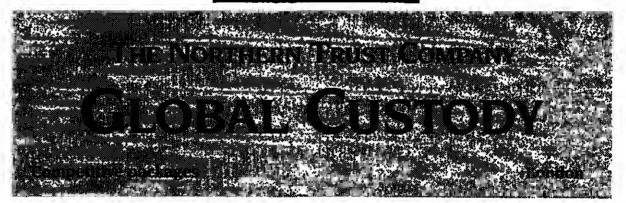
Our client is a highly regarded, profitable institution, strongly funded by international shareholders. It is well placed to capitalise on the structural changes occurring within the principal markets in the Middle East. Corporate finance is a core activity with a clear strategy and plana for growth.

The position will involve contributing to transaction execution teams mainly in the areas of financial analysis, modelling and documentation. The successful applicant will be part of a London based team working on corporate finance transactions across a range of industry sectors, principally for

Competitive salary plus bonus

clients in the Middle East and related areas. High calibre individuals are sought with first class financial modelling and analytical skills, preferably with the capability of developing into transaction managers and client relationship officers. Candidates should ideally be in their mid-20s. Preference will be given to applicants who have attended a recognised corporate finance training programme at a leading financial institution. Cross border experience is desirable and travel will be necessary.

Please apply in strict confidence, enclosing a detailed CV and listing separately any companies to which your application should not be sent, to Geoff Selby, Ref. GR/321, Roose and Partners Advertising Limited, 100 Gray's Inn Road, London WC1X 8AU.



The Northern Trust Company is a leading Global Custodian. Its reputation has been built upon a commitment to providing outstanding customer service, recruiting and developing high calibre individuals, and investing in the technology essential to remaining at the forefront of this competitive industry. Northern is seeking to fill the following key positions within its sales and marketing and relationship management activities.

service issues.

environment

opportunities.

organisations.

Deservice and the second second CORDER CONCENTRALING MANAGE

The successful candidate will be responsible for leading sales and marketing of Northern Trust's services to pension funds. insurance companies and government entitles in the UK and Europe. This key senior management role within the London office will provide the opportunity to significantly impact Northern Trust's presence in the market. Interaction with operations, client servicing and product development are all important aspects of this management position.

Reporting to the General Manager, candidates should be highly results oriented achievers and will be able to offer.

- A proven track record of sales and marketing and the ability to demonstrate how this experience has enabled them to convert prospects into successful sales.
- Technical expertise in Global Custody or other products within the securities industry.
- Outstanding communication and influencing skills.
- The ability to motivate and lead a professional sales team.
- A high degree of self motivation, together with sophisticated negotiation skills.

Ref: 6280/E

Ref: 6280/F

If you are interested in the positions, please send your CV with current salary details to: Karla Dalton, K/F Associates, and the complete reference, or alternatively by e-mail to cv@kfaeurope.com

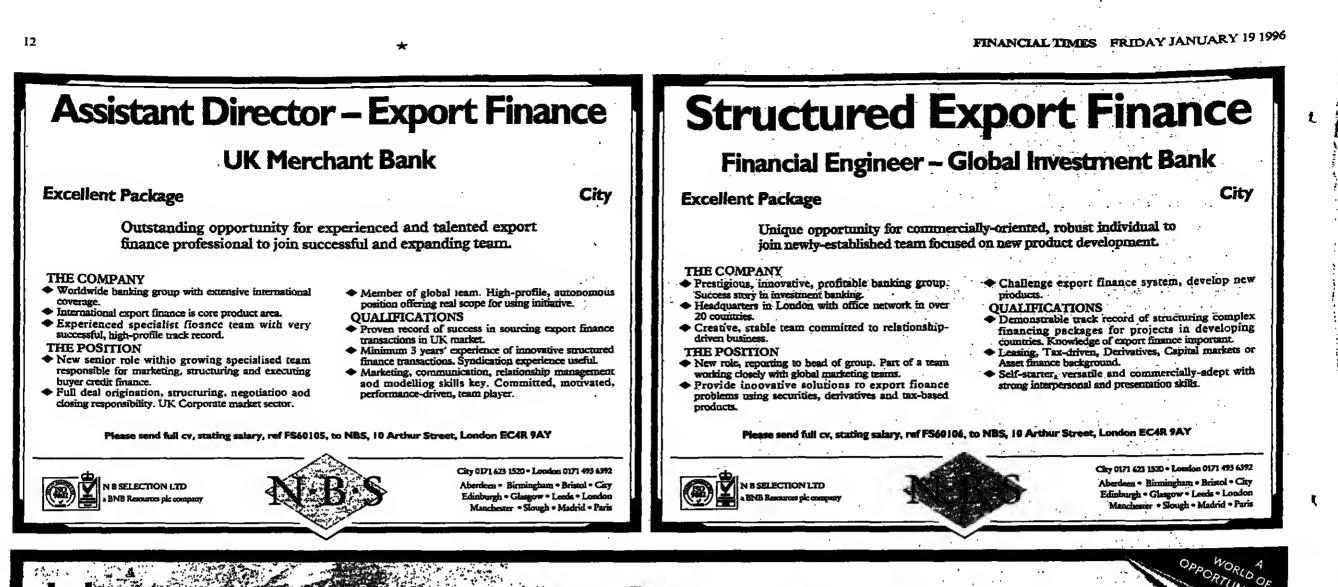
Internet Home Page address: http://www.kfaeurope.com/kfaeurope/

K/F ASSOCIATES

CORNIFERRY CARPE'ORBAN INTERNATIONAL

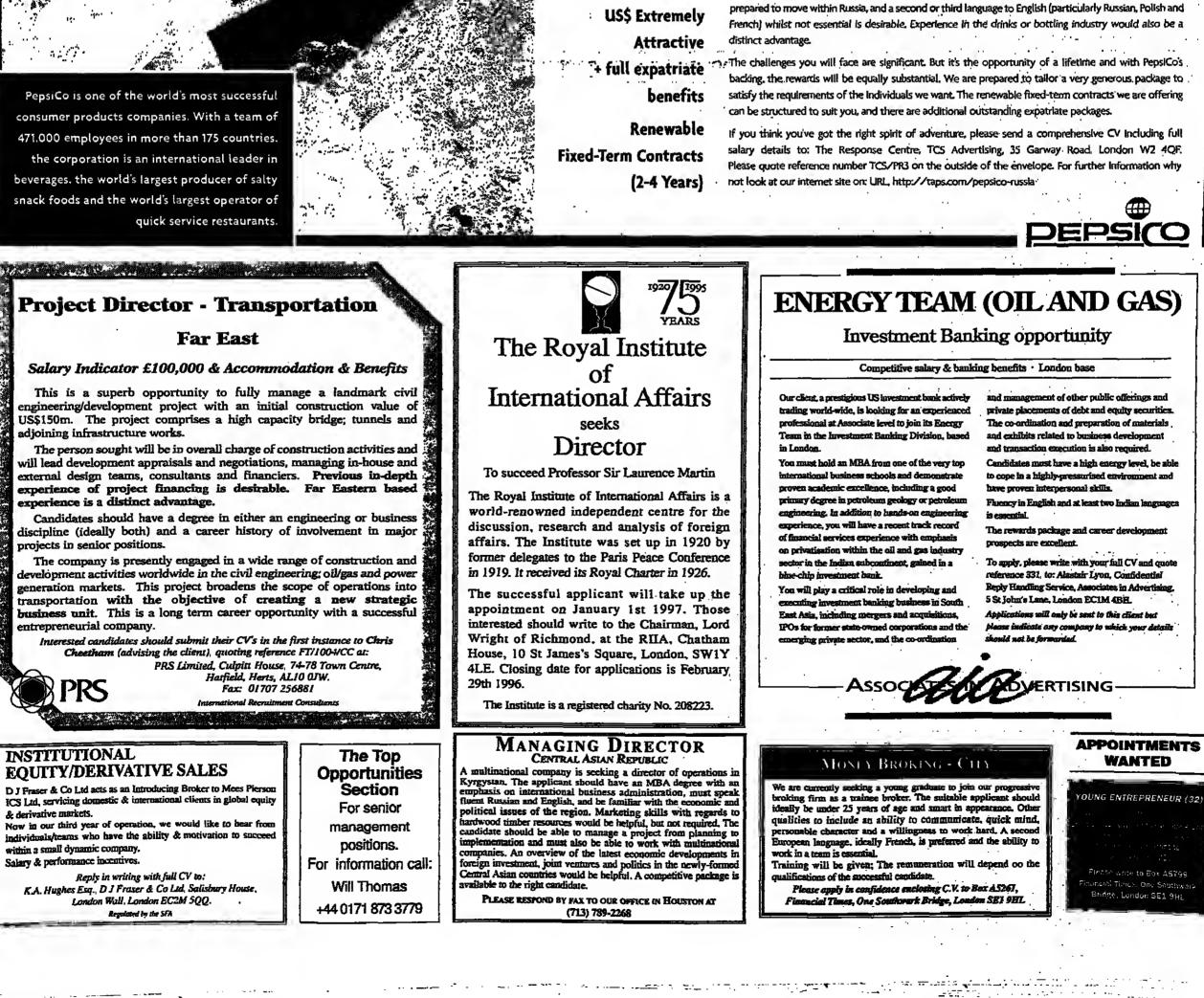
APPOINTMENTS ADVERTISING Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For information on advertising in this section please call:

Andrew Skarzynski on +44 0171 873 4054



Heroes WANTED f

PepsiCo is one of the world's most successful consumer products companies. With a team of 471,000 employees in more than 175 countries.



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PEPSI-COLA INTERNATIONAL

General Managers - Sales & Distribution Finance Managers **Plant Managers** Logistics Managers

Systems Managers

Salary

PepsiCo are planning to take Russia's eastern front by storm. In a country that's twice the size of the US, with a population three times that of the UK, were planning an extraordinary campaign of expansion.

We are already the dominant force in the market. So we know that the Russian people love our beverages. And by setting up new bottling plants, sophisticated distribution programmes, and hundreds of new customer routes and vehicle fleets, we're going to make sure our customers get what they want. across the breadth and depth of the country.

Our strategic plan is to triple our business here in the next three years, which will create outstanding career opportunities for a few talented people. So we are issuing a unique challenge to top-flight individuals excited by the prospect of starting up new businesses or developing them over the crucial first few years. We are looking for trail-blazers to work as start-up teams; and managers who will come in and really make it happen afterwards. People with the leadership skills to develop, rally and drive forward our plans in Russia, accomplishing goals most people can only dream about.

You'll be looking for a career-making opportunity in a new country where you can really make your mark. Coupled with significant management experience in any one of five areas and a blue-chip track record, you will also have the ability to empathise with and develop high quality local staff. You must be

beverages. the world's largest producer of salty snack foods and the world's largest operator of

& derivative markets.

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FINANCIAL TIMES FRIDAY JANUARY 19 1996

Excellent Remuneration Package QUANTITATIVE EQUITY Worldwide Multinational RESEARCH One of the world's largest and most profitable consumer packaged goods companies, manufacturing and marketing a wide range of quality products, continues to successfully grow in Central and Eastern Europe. for Derivatives Business At the Headquarters based in Switzerland there is now a business need to recrait exceptional individuals who will have an opportunity to be part of a Corporate Affairs team. London CORPORATE AFFAIRS EXECUTIVES Our client is a major investment bank with a

 RISC facilities to perform large volume COMMUNICATIONS MANAGER Central Europe | Eastern Europe high profile presence in global derivatives data reconstruction. markets. The Quantitative Equity Research Your track record in research will have given Group works at the leading edge of Superb career opportunities have arisen in Corporate Affairs for A graduate, preferably in the field of political science, inter-Continued business growth has created a unique challenge to be part of a growing team based at the Heedquarters. Interested applicants must hold a university degree or equiva-lent and will need to demons-trate a thorough understanding of European and International media, specific to business. you exposure in presentations at international mathematical and computational science, conferences and seminars, and involved you two motivated professional Executives interested in joining a dynamic Headquarters team in national relations or econo-mics, coupled with the ability to think strategically but opera-tionally deliver, will need to be and now has an opportunity for a research in collaborative projects with laboratories scientist to further develop the techniques and universities. Your intellect must be for risk management and product analysis. complemented by the interpersonal skills to evident at int This is a demanding challenge calling for a The successful applicant will report directly to the Director, Communications, Madla and Public Affairs and will work in partnership to build and execute a communications strategy in parallel with the continued success of the buildes lead and direct teams of scientists and Excellent analytical and com-munications skills, both verbal and written, are an absolute must. Knowledge of a Central/ Eastern Europeen language and/or German would be an additional advantage. Excellent written & spoken English supported by a persua-sive yet diplomatic manner, coupled with a creative approach to work are conside-red necessary prerequisites for this role. A second language will be a real exset. Reporting to Corporate Affairs regional management, auc-cessful epplicants will be char-Ph.D level physicist with 10 years' postengineers on research, data analysis and ged with assessing and respon-ding to challenges and opportunities associated with the legislative and regulatory environments in which the doctoral research experience and relevant computational implementation projects. Ideally there will be scholarships and/or expertise in quantitative risk measurement and derivative product analysis including awards amongst your achievements. valuations and interest rate yield curves. will be a real asset. These are exacting parameters for a highly growing businesses in Central and Eastern Europe operation The crucial computational skills required challenging role. The rewards oo offer. Applicanta must have five years post graduate hands-on work experiance in press and public relations preferably in en American/blue-chip corporate environment or a Public Relations Agency. Applicante under 28 years are unlikely to have the depth & level of experience to thrive in this demanding environment. In responding to such chal-tenges and opportunities, Executives will be expected to gain a strong understanding of the business in Central and Eastern Europe; build and refine Internal and external cor-porate relations; and, desion Academic qualifications must be complemented by at least three years experience with a Public Affaira Agency or government orregisation: orefor the role include: along with the career prospects, are This diverse role will cover media relations, input to com-munications programmes, liai-son with company affiliates and internal skills development of everything your talents descrve. Hardware design Software design for data and eventgovernment organisation; pre-ferably with involvement in the Please send your C.V. to: Alastair Lyon, driven systems Corporate representati **Confidential Reply Handling Service**, emerging markets of Central and Eastern Europe. Ideal can-didates will have worked in a public affairs/government rela- C. FORTRAN, UNIX porate ralations; and, design Ref: 333, Associates in Advertising, and execute strategic initiatives and programmes aimed at ensuring a favourable business Client Server process design; multi-5 St John's Lane, London EC1M 4BH. tions position with a blue-chip FMCG multinational active in thread applications Your application will only be sent to this environment in these geogra- X-Windows, GUTs, TCP/IP, Oracle, phic areas. client, but please indicate any organisation to The shifty to build and sustain sound interpersonal relation-ships both internal and exter-nal, with limited direction will be key to the success of this role. Cultural sensitivity & adjustment must be self wident. Team fit will require applicants to be comfortable being part of a team as well as being able to succeed es an individual contri-butor. Preferred age range 27-35 ware SPARC Willingness to undertake significant business travel and ability to rapidly adjust to multicultural operating envi-ronments ara required. whom your details should not be forwarded. Mobility is a must, extensive travel will be part of the brief. Associates in Advertising If you feel you have the business and personal qualities to contribute to the continued success of a major multiantional, they in turn will provide an excellent platform for develo Please reply in the strictest confidence with full curriculum vine and covering letter, stating current remaneration package to: Resourcing Centre: ref. 276 173 289 OFA Orell Fundi Publicité SA Rue de la Cabello 6 - Case pastale 1211 Geneva, Switzerland MANAGER PRIVATE BANKING JAPANESE EQUITIES ANALYST Cayman Islands Independent fund management company seeks Business Development and Japanese Equities Analyst. Must have a good degree in a Closing date for receipt of applications is 5th February 1996. operational responsibility for finance related discipline and a minimum of 2 years' IPB unit with focus on trust. analytical experience with a financial institution in Japan. corporate administration and Must be bilingual in English and Japanese, computer literate and banking services for HNWI's. willing to travel. Competitive package offered. Substantial marketing Reply in writing with full C.V. to Box A5257, Financial Times. experience of offshore trust GRADUATES FT **Les Echos** One Southwark Bridge, London SEI 9HL and private banking services is For the City Contact Brian Bridson LLB FINANCIAL TIME Applications invited from ACA on 0151 625 0565. FINANCIAL OPTIONS CLERK exceptional recent or Financial Recruitment The FT can help you reach additional business readers in France. Our link with the French business Responsible, motivated person needed for options trading experienced graduates for 5 Southmead. International. company on LIFFE. Applicants should be numerate and must newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's Long Hey Road, Caldy, Wirral. positions in accelerated career have a specific desire to progress to trade financial options, L48 1LY. England. Fax 0151 European readership and to further target the French business world. programme with private firm. The successful candidate will participate in a comprehensive 625 0058 training program. No prior industry experience is necessary. For information on rates and further details please telephone: Contact: Respond to Box A5258, Financial Times, JOHN KILBURN-TOPPIN Toby Finden-Crofts on +44 0171 873 3456 FINANCIAL RECRUITMENT INTERNATIONAL

"ACCOUNTANCY APPOINTMENTS

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FF 500-550,000.

Substantial Bonus,

One Southwark Bridge, London SEI 9HL

Corporate Finance Due Diligence

London

= With an enviable number of blue chip clients, Emst & Young's Due Diligence team is regularly involved in a significant number of major UK and international transactions and forms the largest component of the firm's increasingly high profile Corporate Finance department.

والإراد المراجعة فيحجر فراجع ومحمول ورحم المراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع

= Central to the continued growth of the Due Diligence team is the appointment of a number of ambitious, commercially oriented due diligence managers and senior managers.

 Developing key relationships with senior executives from a wide range of clients and financial institutions you will have a vital role in the successful completion of corporate finance assignments. Responsibilities will encompass the project management of pre and post acquisition reviews, stock exchange work and special projects.

Excellent packages

= To take full advantage of the outstanding career development opportunities it is likely that you:

 Have proven due diligence expertise gained with a large plc or accountancy firm.

 Have a good academic record as well as a professional accounting qualification.

· Are an energetic team player with excellent written, interpersonal - and presentation skills . and proven people management abilities.

· Have a high level of commercial acumen and are committed to adding value to the due diligence process.

= Relocation assistance can be provided for successful candidates currently based outside of London.

Please send your curriculum vitae, lackading current remoneration, to Richard Pooley or Susan Milliord at Erast & Young Management Resourcing, Rolls House, 7 Rolls Baildings, Jetter Lane, London EC4A 1NH, quoting reference: RPSM.

I ERNST & YOUNG

European Finance Manager

West London

(0181) 240 4292 or 397 5044

Our client is a U5\$2 billion turnover distributor of networking and cabling systems.

Trading since 1957, the company has grown to become one of the leaders in its field with a truly worldwide distri-. bution network and employing more than 4,000 people.

Due to a recent restructuring within Europe, the European beadquarters are being relocated from Brussels to West London.

In order to strengthen their financial and commercial expertise, our client is seeking to appoint an experienced European Manager with strong communication and nical skills with the shility to become an integral part of the management team.

Working closely with the regional a the role encompasses not only the development

£45.000 + Package

of the systems and accounting procedures but also the development of the individuals within the Finance team. Critical to the success will be the ability to develop strong working relationships across the group.

Candidates will be qualified with a proven record of senior management experience from within a European Head Office/Operating division. The successful individual must emonstrate well developed interpersonal skills along with high levels of personal presence, maturity and comm ercial acumen in order to make a positive contribution to the continued growth of the company.

Interested applicants should write enclosing an up-to-date curriculum vitae, quoting reference oumber 247443 to Laurence Pengelly at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance Specialists in Financial Recruitment Birmingham Edinburgh Glasgow Leatherhead Leeds Maidenhead Manchester Nottingham St Albans & Worldwide

FINANCIAL CONTROLLER PACKAGING - SUB OF US MULTINATIONAL

SOUTH OF ENGLAND

Our client is a US based multinational and a brand leader in its field. Their UK subsidiary, part of their worldwide packaging division, seeks a high calibre Financial Controller to oversee the total finance function.

You will report to the General Manager and be a key member of the management team with overall responsibility for the total finance function which also incorporates treasury, taxation and information processing. You will control a small highly motivated team and make a strong contribution to the formulation and implementation of the Company's future long term plans and strategy.

worked in a responsible role in a finance function of a major

TO £45,000 + CAR

multinational company preferably in a manufacturing environment. First class technical, I.T. knowledge and interpersonal skills are a prerequisite, as is hands-on style. You must be kighly motivated with strong leadership qualities and above all, you must have the strength of personality, intelligence, commitment and flexibility to succeed in a competitive and commercial environment poised for growth.

This is a career development opportunity and will appeal to those candidates seeking to advance their careers with a major multinational corporation in a European environment.

If you are interested, please send your CV in confidence to You will probably be in your mid 30's, be a qualified Stuart W) Adamson FCA, quoting reference number 4010 to accountant, preferably with a degree or an MBA and have Adamson & Partners Ltd, 10 Lisbon Square, Leeds LSI 4LY. Telephone number 0113 245 1212. Fax number 0113 242 0802.

ADAMSON & PARTNERS

INTERNATIONAL EXECUTIVE SEARCH & SELECTION

FINANCE DIRECTOR

Our client is the French operation within a significant division of a major UK Plc which operates in over 100 countries worldwide.

This role reports to the Managing Director and will be instrumental in maximising the potential of the business. Responsible for a professional team you will:

- Review and develop all systems and controls to the highest standards.
- Ensure timely and accurate information is provided to the Loodon Head Office.
- Provide commercial analysis and interface with both the marketing function and customers.
- Support the Managing Director in driving the business forward.

As a qualified Accountant, you will have well-developed leadership skills and a strong affinity with computenised systems. You will have used your broad financial management experience to cootribute, in commercial as well as financial terms, to the bonom-line. You must have also successfully and positively infinenced your non-finance peer group.

It is essential that you have worked in France, almost certainly for a large international group, and must be able to operate with equal case in both French and English. Experience of an environment with a significant element of distribution and/or marketing would be ideal.

Interested candidates should write with full CV, quoting current rewards package, to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000. Fax 0171 405 5995 quoting ref: HKW/12005/FT.

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Hoggett Bowers



Cambridge

c.£55k + Exceptional Benefits

FINANCE DIRECTOR

Unipalm PIPEX is one of Europe's foremost Internet services providers. This reputation has been achieved by consistently leading the industry in providing commercial quality internet solutions to the business sector. We are a wholly owned subsidiary of UUNET Technologies Inc., and growing at a rate in excess of 300% per annum to meet the continuing demands of our customers in embracing new technology solutions. This rapid pace of expansion requires us to strengthen our business operations with a new appointment of Finance Director reporting to the European Finance Manager.

The role will encompass:

- Full financial management and control
- · Provision of commercial advice to business units
- Liaison with and reporting to our US Parent Company
- Development of new finance and reporting systems
- Business Planning and Forecasting

CYPRUS

c.\$65,000

+BONUS

- You are:
- Of graduate calibre and holder of a recognised accounting qualification · Experienced in US GAAP
- A high energy person who enjoys a fast moving environment
- · A senior professional in the finance function of a high tech company
- Enthusiastic about IT solutions with experience of implementation

Our continued growth offers excellent career development opportunities in existing and future businesses throughout our worldwide organisation. We offer an attractive package including a salary of c.£55k, fully expensed car, private health and attractive stock options.

If you want to rise to the challenge, then please fax or send your CV, quoting reference number 9496A2, current salary details and where possible daytime telephone number, to our advising consultants, Goodman Graham & Associates, 8 Beaumont Gate, Shenley Hill, Radlett, Herts WD7 7AR. Fax: 01923 854791.

Further information on Unipalm can be obtained on the Internet: http://www.unipalm.pipex.com



UNIBROS (HOLDINGS) PLC

With sales in excess of \$600 million and over 40 offices world-wide UNIBROS (HOLDINGS), is enjoying exceptional growth in the 1990s. Primarily involved with the production, marketing and sales of raw materials from global producers to developing and Western markets, they are an acknowledged leader in their field. The company wishes to recruit the following finance professionals to help drive the next phase of their growth.

GROUP FINANCIAL CONTROLLER

Reporting to the Finance Director, the Financial Controller will manage a team head office accountants and local finance managers. The primary responsibilities are to spearhead the implementation of effective financial controls and systems and to develop management reporting for the group and its operating companies. Though the position is based in Cyprus, the Financial Controller will visit all overseas offices on a regular basis and will be expected to make a major impact in maintaining and enhancing the financial integrity and profitability of the business.

FINANCIAL SYSTEMS CONTROLLER

The position reports to the Board and operates with support from Head Office Responsible for the world-wide review of financial, operational and management controls, you will identify potential areas for improvement, recommend changes for increasing efficiency and profitability and then implement and subsequently monitor the effectiveness of the agreed changes. This commercial role involves emensive travel, regular contact with local management at director level and offers considerable scope for personal decision making.

Applications are invited from qualified accountants aged 28 to 35 with international experience gained on assignment or in an overseas posting. Fluent in English and, ideally, another foreign language, you will be keen to develop your financial and commercial skills in a dynamic, multi-cultural business. The positions benefit from low local taxes, offer relocation assistance and prospects to move to more enhanced financial or commercial roles. Please forward your CV to Andrew Thornton at Russell Thomas Associates Ltd., Premier House, 77 Oxford Street, London, W1R 1RB, England Telephone: + 44- 171-494 3374; Fax + 44-171-434-1344

North Home Counties £50,000 + Car & Usual Benefits Finance

Russell Thomas

ASSOCIATES FINANCIAL RECRUITMENT CONSULTANTS



GlaxoWellcome

An invitation to explore Finance and IT opportunities with the world's largest pharmaceutical company

FINANCIAL TIMES FRIDAY JANUARY 19 1996

for an informal discussion and a buffet in Central and West London on Tuesday 30 January or Thursday 1 February any time from 4.30pm to 8.30pm

Meet us

Glaxo Wellcome is the world's largest pharmaceutical company, with sales of c£7bn in 1995. We are currently enhancing our position through continual innovation in products and services, and highly customer-focused business management.

As Giaxo Wellcome's customers and markets change, the need for high quality information lecision support becomes critical. This, together with the introduction of a process-driven oach to operations, is leading 10 the redefinition of roles and the creation of new retunities for Business Advisors, Business Analysts, Financial Analysts, Project Managers, ation Analysts and Corporate Planners.

We seek high potential individuals, probably graduates, with skills in cross-functional working. proactive problem-solving and creative thinking. Some roles require an MBA or post graduate og qualification. . . .

While you will probably have a large company background, broad functional experience in a dynamic emerging business is also of interest, and a customer-focused approach is vital.

The roles, based West of London, attract salaries up to £45,000 plus benefits and relocation ce where appropriate.

Please telephone our retained consultant, Sue Rossiter, on 01727 857755 for details of the venues and to reserve your place. If you cannot attend but would like to know more please write enclosing your CV, to Sue at Barrett Webb Limited, Ashbrittle House, Lower Dagnall Street, St Albans, Herts AL3 4PA. Fax: 01727 812885.

Barrett · Webb

Search & Selection

ACCOUNTANTS - ANALYTICAL

South Africa - Russia - Brazil - Argentina

Our emerging markets group requires accounting analysts capable of

examining and evaluating financial statements of companies from various parts

of the world, Candidates should be university graduates with auditing

experience and an interest in detailed investigative work. Experience in asset value estimation will be a plus. Travel could be extensive and continuous, You may be based in South Africa, South America or Russia.

Candidates should fax or post their curriculum vitae and an application letter

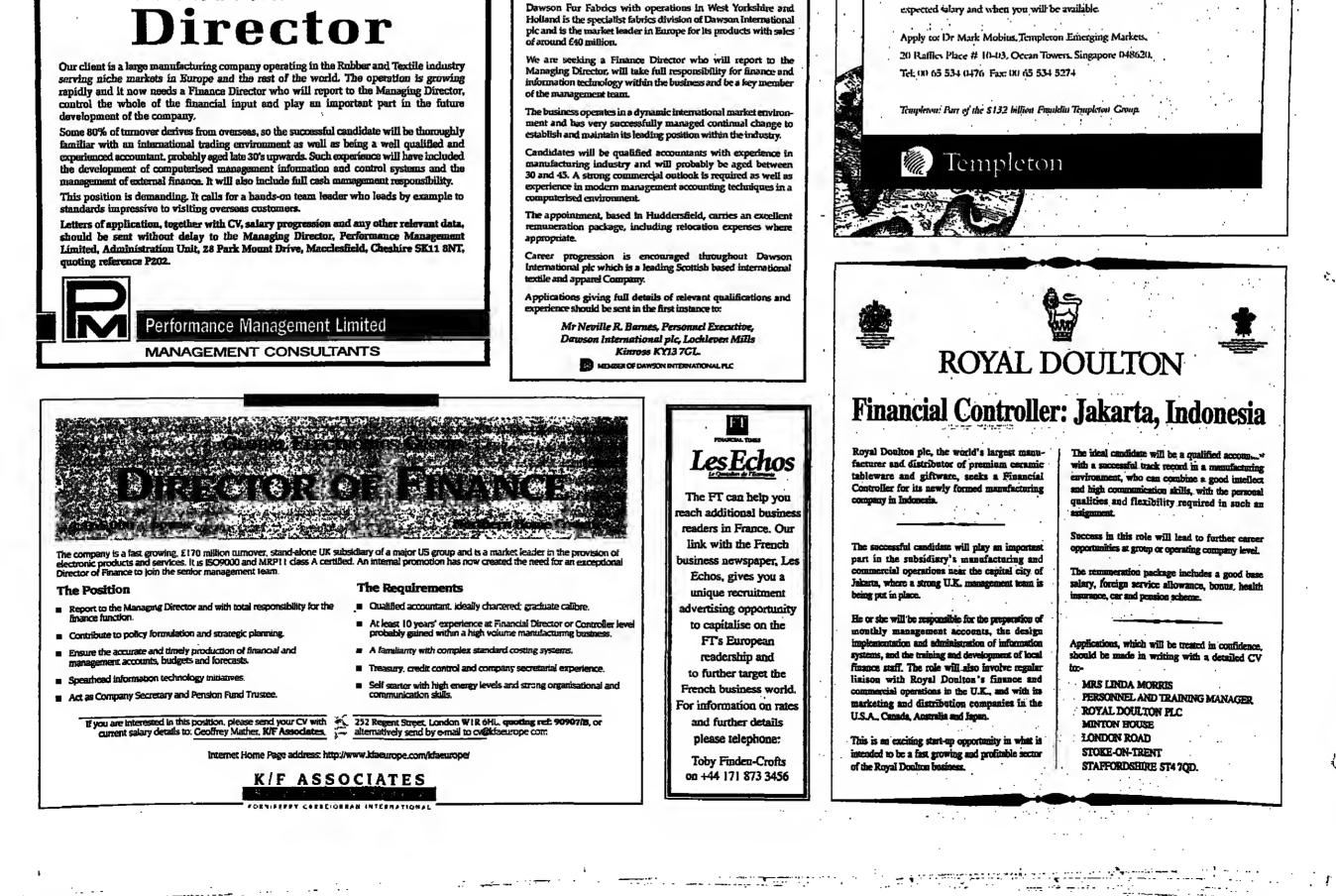
to the address below. The curricolum vitae should include details of

qualifications and work history and the application letter should include

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EUROPEAN FINANCIAL CONTROLLER Barking, London c.£,42,500 + Car

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TRANSAMERICA TRAILER LEASING, part of the prestigious San Francisco based Transamerica Corporation is a market leader in the provision of over-the-road equipment. Reporting to the General Manager (Europe), this key position controls all Financial reporting and strategy for Europe, Based in Barking, East London, travel can be expected both within Europe and to the US

THE ROLE

European businesses

medium term strategy

in UK and Belgium

lizison with auditors

Responsible for financial planning and reporting for all

· Lizison with key decision makers in the formulation of

Control reviews for operating divisions: supervision of staff

· Coordination of Tax, Treasury and Statutory reporting and

Please contact our advising consultants David Howell

0171 872 5544, or write enclosing your Curriculum Vitae

or Sharmila Sharou Parekh at Executive Match on

quoting reference R/190 to them at:

THE COMPANY

elle on

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- Fastest growing trailer leasing Company in Europe with over 8,000 units and sales of \$71m
- Subsidiary of a major US mulcinational with substantial assets worldwide
- Dynamic and fast moving management culture

THE PERSON

- Technically proficient Qualified Accountant (ACA/ACCA. ACMA) with 3-5 years PQE
- Accounting experience gained in Europe, ideally Belgium, with knowledge of US GAAP
- Fluency in Dutch, German or French is essential
- Commercially astute and business orientated
- Strong IT systems skills including PC packages

. LEASING

EXECUTIVE MATCH TRANSAMERICA 1 Northumberland Avenue Trafalgar Square, London WC2N 5BW (Fax: 0171 753 2745)



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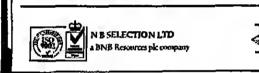
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in the widest sense to the management of the business, to the character and strength of the management team and to the group's evolving cultural values.

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Please write with full CV to Barkers Human Resources, Berwick House, 35 Livery Street, Birmingham B3 2PB. Please quote reference M835.

Your CV will be sent to this client only. Please list those companies to whom your details should not be sent.

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As retained consultants, any CVs submitted directly to our client will be forwarded to Robert Half.

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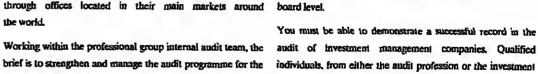
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Please write in confidence, with full career and salary details, to You will have to develop a close working relationship with Gemma Jenkin, MSL International Limited, 32 Aybrook senior investment professionals. You will possess strong Street, London W1M 3JL. Please quote reference 58039.



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Reporting to the Managing Partner, responsibilities will be broad and include strategic contribution to the firm's development, through the provision, analysis and evaluation of appropriate financial information. Additional key tasks will include the development of the firm's systems and procedures, as well as managing relationships with professional advisers and bankers.

KPMG Selection & Search

Candidates must be qualified Accountants with at least five years' operational experience in a senior finance role within a medium/large sized services organisation, where their remit has been necessarily broad. An empathy with partnership environment is preferred although not essential. The firm seeks a committed, disciplined and mamme individual who has first class interpersonal skills and sound commercial acumen. A comprehensive remnneration package is offered.

Applicants should write, enclosing full career and salary details, quoting reference Bi743/96, to Alison Hann, KPMG Selection & Search, 2 Cornwall Street, Birmingham B3 2DL

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As a key member of the management team, you will be expected to provide leadership and direction across a wide range of commercial activities and functions, in addition to delivering the financial and business information and advice necessary to lurther develop and strengthen the operations an a pan-European basis. You will also be required to take o lead role in the planning process across the operations ond in identifying development and further growth and Investment opportunities

To succeed, you will need to be a proactive and robust Individual with proven analytical, financial planning and business development skills. Ideally an MBA with on autstanding academic background, you must be able to demonstrate a track record of increasing responsibility and meaningful contribution to business performance. The capability to work ocross functions in achieving growth and managing change is essential, as is the ability to communicate and influence of most sentor levels. The successful condidate should not want to limit their tuture career to this role.

Please send tull personal and career details, including current remuneration level and daytime telephone number. In confidence to Adrian Edgall, Coopers & Lybrand Executive Resourcing Limited, T Embonisment Place, London WC2N 6NN, quoting reference AE917 on both envelope and letter.

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It is a challenge which will involve the assimilation of a broad range of information, extensive travel to dealers around the region and to-

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of the business, including the evaluation of prospective new dealerships and close involvement in the ongoing development of financial reports

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A professionally qualified accountant with a dy

personality and exceptional communication skills, your calents for personality and enceptional communication skills, your calents for financial analysis, company structuring and computer modelling must be balanced by the ability to persuade and influence others through charisms and credibility. In-depth knowledge of franchise business management, ideally motor dealerships, will be important. So too will be an understanding that profitability and service quality must an band in kand must go hand in hand.

Please write with full CV, quoting reference 337, to: The Respo

brief will encompass virtually every area

THE CAR IN FRONT IS A () TOYOTA

Bank of Bermuda is a global financial institution with its Head Office in Bermuda and operations in major cities around the world, specialising in offshore activities, ranging from investment management to corporate and personal trust services. As a result of internal promotion a need has arisen for a Chief Internal Auditor to assume responsibility for all internal audit activities within The Bank of Bermuda group. The position is based in Bermuda and involves travel. This is a senior management position within the organisation,

reporting directly to the President with responsibility for:

- Developing yearly audit plans and allocating resources to meet audit objectives and standards
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- Managing a professional
 Audit team and co-ordinating the planning and supervision of audits throughout the group.

The successful candidate will be a graduate Chartered Accountant (or equivalent) with a minimum of 8 years' exposure to the international financial services sector, gained through either Internal or

external audit at management

level. Equally important will be a proven track record of applying sound technical skills in an innovative way, excellent organisational skills and the ability to meet strict deadlines.

Any Curriculum Vitae sent by third parties to the Bank of Bermuda will be forwarded to Harrison Willis.

Interested candidates should apply with full career and salary details to either Jennifer Ogden or Lisanne Vaes at Harrison Willis, Cardinal House, 39-40 Albemarle Street, London W1X 4ND or contact them on +44 171 629 4463, evenings and weekends on +44 1727 867645. Fax: +44 171 491 4705.



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achievement and be well used to dealing with senior management of various disciplines. You will be familiar

with statutory accounts within a public company, IS literate and can hold your own with product costing. In

personal terms, you will be tenacious and robust, but still

have sufficient sensitivity to communicate and interact

effectively and be a strong team player. You will be eager to take on responsibility and be both intelligent and

commercially aware. You will also need a sense of

Why this could be the role for you?

and the second second

Group Financial Controller

c.£60,000 + car + benefits West Yorkshire

About Us

16

We are a prominent public company in the chemical industry. We are highly diversified with widespread international interests. Over the past few years we have not always had an easy ride, but, we are now looking forward. At the centre, we have a new management team and are working through a major programme of change and restructuring. We accept that the road ahead may still be bumpy over the months to come. However, the challenges we face are exciting and we are optimistic about our future.

The Role

This will be very much the number two to the Group Finance Director, supporting him in many of his duties and deputising for him in his absence. In addition to the provision of financial information, annual accounts and day to day financial control and consolidation, you will be actively managing budgeting, forecasting and capital and central costs. The role is, however, much wider than merely controlling numbers. You will undertake a variety of projects, provide financial support to group management and to the investor relations programme. Only your own ambitions and ability will restrict you in developing this role. We are looking for someone who wants to progress and can take on more.

About You

You will be a qualified accountant, probably in the age range 33-45. You will have management experience in controlling a corporate accounting team (ideally with international subsidiaries) in a listed manufacturing or industrial company. You will have a track record of

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If you lack confidence or are looking for an easy option – forget it. This is not the job for you. However, if you like a challenge, progression and working alongside a Finance Director who will delegate and give you as much responsibility as you can cope with, this could be what you have been looking for. This job will provide you with exposure at the highest level and could well be the starsing atoms was not in coder to become a finance stepping stone you need in order to become a finance director. Next Step Please write to our advising consultant, Jenny Mayes, quoting reference G/0075 at the address below. Alternatively if you would like a discreet conversation about the role, please call her on 0121-200 3000.

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Executive Search & Selection, Price Waterhouse, Cornwall Court 19 Convall Street Birmingham B3 2DT. Fax: 0121-200 2464.

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EXECUTIVE SEARCH & SELECTION

Financial Controller

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About You Probably a graduate CA with a sound accounting/ forecasting base of knowledge. If you have 'Big 6' accounting firm or major corporation experience and/or an MBA - and maybe even some corporate finance exposure, then so much the better. You'll relish the stimulation of an intellectually challenging work environment that demands deep reserves of mental and al energy. At p need for peamwork is vital.

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You'll work directly alongside the European managing director (an American) and take responsibility for the day-to-day financial matters including overseeing the flow of funds. The immediate learning curve will be steep, particularly in relation to the various financial modelling tools/spreadsheets that we use. Assisting with presentations to financial institutions, some regular travel to the continent and heavy liaison with the US is also part of the role. Beyond that, in a multi-skilled environment, we will use whatever additional talents you can bring to the team. As European affiliates grow. and as you demonstrate your capabilities, significant opportunities for growth in responsibility and title will emerge.

Next Step

This really is a rare opportunity to get in early on a venture that is going to grow significantly. We're making a big commitment to building a business over here - it's a great time to join. State your case and write to our advising consultant, David Hunter, quoting reference L/1617/PT Executive Search & Selection, Price Waterhouse. No 1 London Bridge, London SE1 9OL.

Fax: 0171-403 5265.

5 **Two Outstanding Finance Opportunities**

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Head of Analysis & Planning

Reporting to the Financial Director, the main objective of the role is to provide incisive financial information and analysis in order to optimise financial performance and support company objectives. Specific responsibilities will include evaluating and improving current financial systems, working

valuating and improving current financial systems, working losely with heads of department to ensure accurate

eutical experience and knowledge of (PPRS).

budgeting and forecasting, and developing skills and

Probably CIMA qualified, candidates must have recent

analytical skills, coupled with the energy and ambition to

efficiency within the Analysis and Planning team.

Personal qualities will include strong manage

make a success of this challenging role.

Our client is a rapidly growing pharmaceutical company with a turnover in excess of £300m. As one of the top 5 players in the UK ethical pharmaceutical market with a strong portfolio of products, they have a reputation for quality reliability and somer care. Continued growth now generates two outstanding senior finance opportunities.

Financial Controller

Reporting to the Financial Director, responsibilities will include the leadership and development of a large team, and the ongoing improvement of the quality of financial and statutory reports to increasingly tight deadlines. Liaising closely with senior management, the appointee will be expected to provide the highest quality technical and commercial support on all financial issues.

The successful candidate will be a qualified accountant (preferably Chartered), aged 30-40 with a successful track record of management and financial control in a fast moving avironment. Technical excellence, a resilient character and the ability to communicate and influence effectively across all levels and functions will be essential in this high profile

Interested candidates should write including comprehensive CV to David Trapnell at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 ISA, quoting current remuneration and, where possible, day time telephone



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CONTROLLER – CENTRAL ACCOUNTING

Our client is the highly successful UK division of a major international services group which is a c£45,000 leader in its field.

> The UK division is made up of a number of companies in different sectors which are all supported by a central services unit. The division now seeks a finance professional to head the finance area of this unit, responsible for the operation of ledgers/financial processes and the provision of information for group consolidation.

Reporting to the UK Group Finance Director with responsibility for a team of 35 staff, your remit is to upgrade, develop and put in place the systems, controls and procedures to transform the unit into a high performance operation.

Key to your success in this role will be your ability to build and maintain credibility with divisional Financial Controllers by understanding and meeting the requirements of these business units.

For this demanding role we are seeking a qualified ACA/CIMA/ACCA with strong technical and up-to-date systems skills together with management experience in a similar operation. The company is in the process of implementing JD Edwards computer system on an international scale, therefore exposure to this system would be of considerable value.

If you would like to be considered for this high profile and demanding role offering future career opportunities within the Group, please send your Curriculum Vitae to our advising consultants Suzanne Swycher or Neil Wax at FSS Financial, Charlotte House, 14 Windmill Street, London W1P 2DY, Tel 0171 209 1000 or fax 0171 209 0001.



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This hands on role will encompass both strategic and operational responsibility for the review, control and development of businesses within the Division, including extensive involvement with the integration of recent and

E Lisison and excitange of information with and between Corporate Finance, Treasury and IF departments on a timely basis for Group reporting will be essential and support will be provided by those corporate functions.

It will be necessary to bring strong financial and commercial ability to the role. An outgoing and approachable personality is vential in order to develop close working relationships with the management teams of the business units. Participation in or an ment in sport is welcomed.

It Candidates will be qualified accountants within an age range of circa 35 to 45 who currently hold a senior financial position and can demonstrate drive and achievement within an international brands environment.

A competitive remuneration package will reflect the importance attached to this new appointment.

Please write enclosing full curriculum vitae quoting ref: 173 to:

Nigel Hopkins FCA, London House, 53-54 Haymerket, London SW1Y 4RP Tel: 0171 839 4572 Fax: 0171 925 2336

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For further call:

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FINANCIAL TIMES FRIDAY JANUARY 19 1996

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n the RSC canteen, you soon spot the crew working on Naomi Wallace's new play they are the ones splattered chest-to-toe in blood. Slaughter City, which opens next week, is set in an abattoir. It calls for an auditorium bathed in gore, actors who wield knives and talk about chitterlings and hog guts and several buckets of blood.

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This will come as little surprise to those familiar with the American playwright's work: she has never been one for the soft option. Her subjects to date have included vigilantes on the Tex-Mex border (War Boys), gay love between Gulf War soldiers (In the Heart of America) and plague-ridden London (One Flea Spare). But they have all hit home: ber success on Britisb soil has been rapid. A poet who only started writing drama five years ago, she has travelled from the enterprising but tiny Finborough fringe theatre to the RSC in just four plays - prog-ress many would find enviable.

Contrary to expectations, the perpetrator of all this tough talking drama is not big, brawny and butch, but a slight woman in her mid-30s with an easy manner and a ready smile. She bappened upon her latest subject by chance.

"I was back home in Kentucky in the summer of '92 and day after day I would drive by a group of workers wbo were on strike," she remembers. "And I started to think about them. The meat-packing companies have no windows: they're big, brick, ugly buildings. I started wondering what it was like to work in a place like that and I began to read up about how dangerous a job it was. "But I was also fascinated by the texture of the whole thing ... I

mean I'm not attracted to gore, but there's some sort of sensuality to it, working with blood and flesh, And it's interesting too that most of us build something in our jobs, but the slaughter industry takes something apart: they start with a living animal and make it into smaller and smaller pieces."

Researching this slice of what you might call drama at the cntting edge did not prove easy. Wallace talked to workers and ex-workers, but getting in to actually watch the dismemberment in action was more difficult. She visited two abattoirs, but The Fischer Packing Company, the one involved in the dispute, was not open to callers.

We spent months trying to get in," she recalls. "It's harder to get into than Fort Knox. Meat-packing companies and slaughter houses are notoriously secretive.] think they're afraid. They used to have tours there, but people used to throw up and they don't really want the bother of that ...

RSC audiences will be relieved to learn that Wallace intends no such realistic responses in the auditorium - you will see fewer actual carcasses and body parts than in your average Jacobean classic. Besides, the precise violence of the

Naomi Wallace on the visceral set of 'Slaughter City', which opens at The Pit next week

Drama at the cutting edge

Sarah Hemming talks to controversial American playwright Naomi Wallace

but Wallace is not out simply to almost mythic quality to it, and espouse causes - either on behalf of the animals or the workers. since tt is cut loose from pure real-ism, you can make of it what you want - an allegory of modem Amer-The play is certainly a political ptece; the daughter of a Time Life ica, a dystopian vision of the future, journalist and a liberal Dutch a modern inferno.

> he play is given a further dimension by a curious, time-travelling char-

acter called Cod, who from times past and has vivid personal recall of labour disputes through the ages. Juggling time is a device Wallace has used before in In the Heart of America - and she finds it offers rich possibilities for illuminating the present. "I've always been interested in layering. I like to de-centre a play, so that just when you think you've got hold of . an answer it slips away. Of course,

of direction and odd revelations. Her plays are full of unexpected love affairs and unconventional eroticism. Several characters in Slaughter City are driven by frustrated desire, while in One Flea Spare she portrayed a bizarre sexual encounter between a wounded man and a woman with scarred hands.

ARTS

"I'm interested in challenging notions of what is erotic and what is sexy, and how you portray it on stage," she explains, and adds that, for her, even the most intimate moment can be deeply political. "If you work in a place that doesn't protect you and your body is destroyed, that affects how you love, how you make love and who you may choose to love."

Not everyone enjoys Wallace's challenging style, however. Like Phylips Nagy, abother daring Amer

accident of casting, for Fugard him-

self - who is white - chose to play

the original Morrie in Jobannes-

burg.) Why do their childhood mem-

ories signally fail to match? and

where on earth has Morrie been, all

Alternative scenario, with strong

hints in the play itself: - Morrie is

no real "brother", but a white lib-

eral South African who wants to

throw his lot in with the downtrod-

den blacks. (There is also a homo-

erotic note: not only has Morrie

dampened Zach's womanising, but

he gets a private soliloquy about

the solid allure of black flesh.) The

"blood knot" is not literally frater-

pianist Donald St Plerre. The

this time?

have her critics in the UK - there are those who find her elliptical style intensely irritating. She insists that she feels it is her duty to try and get inside other people's experience - whether it be that of a 17th century English sailor, or a contemporary black American woman, as in Slaughter City.

She is bracing herself for criti-cism about this latest venture; "Some people don't believe you should write out of your own expe-rience. If you're white, you write white; If you're black, you write black. But to me, that means that as a white writer you are perpetua-ting the dominance of white roles. Anyway, that's what's exclting about theatre. It's about imagination; it's about writing about some thing other than yourself. How boring it would be just to write about

Theatre/Alastair Macaulay **Delicious** wit seriously delivered

behaved so disgracefully in ity 101 years ago - keeps being given chances to make amends. The most recent chance occurred on Wednesday night - when the Haymarket Theatre premiere of the revival of Peter Hall's 1992 staging of An Ideal Husband closed with a curtain speecb by the actor Michael Denison, informing us that Wilde's grandson, Merlin Holland, was present in the audience.

An Ideal Husband is surely one of the two greatest Britisb plays of the 19tb century. (The other - The Importance of Being Earnest - had its premiere only six weeks later.) And, more entirely than any other work of Wilde's - save perhaps The Portrait of Dorian Gray - it captures the contradictory essence of its author. It has wit of the most deliciously absurd kind, it is mor-ally and ethically very serious, it is profoundly sentimental, and it contains several gestures of sheer melodram

Peter Hall's staging is largely as before, full of flaws and far superior to almost every other Wildean production of recent years. Penny Downie is new to the tricky role of the serious and virtuous and idealistic Lady Chillern. She plays it with impressive force and the right dash of frigidity, although she is too self-consciousty correct. Charm only emerges halfway through the final act, as Lady Chittern drops ber ardent severity; we cannot believe that the languid but wise dandy Lord Goring and she would have been friends long before the play began. But the perfection she demands of her busband and berself tightens the screws of the play very

finely. The most beautiful performance is, as before, that of David Yelland as Sir Robert, her husband; austere, noble, and anguished. He discloses disquieting flashes of this husband's misogyny, he dares to speak

ondon society - which some of the character's witty lines as if he meant them seriously (rare response to the scandal of feat in Wilde), and he makes the Oscar Wilde's bomosexual troubled heart beneath the grave veneer most touching. It is a great pity that he and Downie end the play as if their new words of love were untruths.

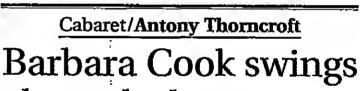
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Anna Carteret has only improved her fine performance as the witty schemer Mrs Cheveley; she is at least as elegant and seosual as before, and considerably more dangerous. I am only sorry that she has the same trouble with her sibilants as Lady Thatcher bas developed. and that she rolls her Rs artfully at the one point when Mrs Cheveley should be beside herself with artless rage. Victoria Hasted makes an amusing impression as Miss Mabet Chiltern, but ber Daisy-pulls-it-off Chiltern, but ber Daisy-pulls-it-off manners, her adenoidal eagerness, and her lower-middle-ctass vowels are still all wrong. The harmless and hilarious old Lady Markby is the sort of act Dulcie Cray does best; Kate Clelgud and Chaire Nor-don do welt by Lady Basildon and Mrs Marchmont Mrs Marchmont.

Nothing can seriously blot this production or this play. Just as well, since Martin Shaw as Lord Goring and Peter Gordon as his hutler both compete laboriously with Michael Denison as Lord Caversham for the West End's Worst Acting prize. Unfortunately, it is to be predicted that Shaw's interpretation, playing down to the lines rather than up to the character, wilt be acclaimed as fine acting in some circles. Fortunately, It is also to be predicted that the play will once again be acclaimed too.

in its virtuoso vacillation between the epigrammatically flippant and the morally ardent - both sides most vividly conveyed in the character of Lord Goring - An Ideal Husband expresses a brilliant paradox that was the core of Wilde himself. Nobody could miss this paradox, whether in 1895 or 1996.

At the Theatre Royal, Haymarket.



through the century arbara Cook is back in rivetting "Woman is a sometime town - information that thing") and snatches of Arlen and will leave the masses Rodgers and Hammerstein. unmoved and a small cote-

The modern songs are remarkably different to the 1930s classics rie of true believers excitedly plana trip to the Green Room at they are personal while the stan-



CONTROL

enough to turn most stomachs the play rings with references to "gut snapping", "the kill floor", "pulling loins" and "sawing backs". Vegetarians may feel vindicated

he knot King Gordius tied

Alexander rudely sliced it through

with bis sword. I never thought

much of Alexander's solution. Athol

Fugard's Blood Knot - first per-

formed in Johannesburg, 1961, soon

a theatrical flagship for the multi-

racial cause (though Tynan trashed

it at Hampstead), now revived at

the Gate by the Strange Fish com-

pany - is more complicated than it

seems. It would be crudely Alexan-

drian to write it down as a worthy,

Baldly described, the action

seems simple enough. Two brothers

classified under South African law

as "coloured", i.e. of mixed race,

live together in the quarter of Port

Elizabeth reserved for "coloureds".

Only the "dark-skinned" Zacb, how-

INTERNATIONAL

ARTS

GUIDE

period-bound anti-racist play.

was so intricate as to

defeat every challenger's

efforts to undo it. until

everyday language alone will be is never simply naturalistic plays often slither between past and present, reality and fantasy and combine a poetic structure with hard-nosed facts.

and see it myself?"

little), Light-skinned Morris, who

returned a year ago from a long.

obscure stay somewhere far off,

merety keeps bouse, prepares Zach's foot-bath, makes their even-

ing meal and "takes care of their

savings", with a view to buying a

two-man farm in some no-man's-

The ontimistic idvll goes off the

rails when Zach suddenly realises

that his regular, happy bouts of

drinking and womanising ended

when Morrie came back. Morrie suggests that Zach should reply to a

lady who asks in a local paper for pen-pals; but since Zach is illiterate,

mother, Wallace has been a political

animal since she was a child (she

recalls marching in an anti-Vietnam

rally at the age of eight) and would find it hard to write a play that was

not politically engaged. But she

sbudders at the thought of agit-

prop. "I would hate for anyone to

hear that it's a labour play or a

union play – I mean, I wouldn't go

So while the play deals with an industrial dispute, it is also intensely personal, focusing on a

small group of workers and their

relationships, and it is surprisingly

funny, muscular and npbeat. Her

than intrigued." This, in a sense, sums her up. She relishes contradictions and her

Aon.A6

ever, works and earns (miserably Morrie has to conduct the corre-

Slaughter City has a sweeping. Work thrives on surprise, changes

Theatre/David Murray

Fugard's Gordian knot

spondence. We know from the cast-

list that no "Ethel" is due, so we

might guess that Morrie himself is

writing "her" letters - but Fugard

produces a cleverer dénouement,

much more pointful and searching.

throughout, and it turns the whole

play into a modernist piece: not an

ethnically picturesque tale at all.

but a wry, self-conscious self-study.

From the start, we worry about

these "brothers": why is Zacharias

(Wilbert Johnston) so unambigu-

ously mahogany, and Morrie (Chris Lailey) irredeemably white skinned

and blue-eyed? (It is not just an

There is a subtext lurking

t to be careful

vourseit might feel empty-handed, rather ican woman writer, she finds her work is more accepted in Britain than in the US - "British theatre is braver," she says.

This is not to say she does not

Slaughter City is currently previewing and opens at The Pit, Bar-bican, London EC2 on January 25 (0171-638 8891).

visit, do things come apart.

tress and love. For a two-hander,

two-and-a-half bours is rather long;

At the Gate Theatre, Notting Hill,

but it resonates for much longer.

the Café Royal over the next three weeks. For Ms Cook is a cult figure among the fervent fans, not exclusively gay, of the Great American Musical.

Her record is impeccable - lead roles in the first productions of Cannal but idealised, as deriving from dide, The Music Man and She Loves Me, had her name in Broadway their common humanity. Only when pen-pal "Ethet" proves to be white, and promises Zach an early lights while Andrew Lloyd Webber was still practicising scales. Now pushing '70, Barbara Cook retains the glamour of the ingénue for the He knows that he could never carry off meeting her, but lightcommitted.

She certainly fills the tiny Green skinned Morrie could, and so loyal Zach blows their savings on dress-Room stage, a monumental figure in sequinned coral chiffon. But anying him for the occasion. Their casual role-playing games, which have studded the action all along, one resigned to hearing breathless stories of "dear Cole" and "wondertake on a new, nasty tone as they play out dark-skinned loser against ful Lennie" was quickly relieved. Ms Cook is a very straight per-former, entertaining with her voice inevitable white winner, with threatening overtones. One begins to see how much this play is about: rather than her chat, or even her personality. not just p.c. slogans, but deep dis-

To show her class she has prepared a new show with many contemporary songs. Perhaps she could have dipped more frequently into the song books of the giants, but there is a generous medley from Gershwin's Porgy and Bess (with a

performs works by J.S. Bach,

Tel: 1-202-994-6800

dards are universal. You admire them rather than live them, bot they are delivered to perfection by Ms Cook who still retains full control over her voice, a light soprano of comfortable range, and with every word and note beautifully rounded. She also has a sense of humour, with a penchant for the comic numbers of her youth, like "Ice Cream" from She Loves Me.

Perhaps she is happier now on the slower songs - there is a daunting performance from the bar stool of that cabaret standard, "When Sonny gets Blue" - but she swings happily through "Surrey with the fringe on top," helped along by her long-time musical director Wally Harper on discreet piano, plus a bass-man. They sit out the encore, an emotive "We'll be together again", sung without mike and with

plenty of feeling. Barbara Cook in performance is much less theatrical than her reputation, or her fans. She is an honestto-goodness performer, not living on her legend but delivering what she knows best - the 20th century popular song, from then till now.

Liisa Saarinen; 7pm; Jan 20

LEIPZIG CONCERT

land.

Gewandhaus zu Leipzig Tel: 49-341-12700 Rameau-Trio: and violinist D. Vogel perform works by Couperin, J.S. Bach and Rameau; 6pm; Jan 21 **OPERA & OPERETTA** Oper Leipzig Tel: 49-341-1261261 Carmen: by Bizet. Conducted by Jiri Kout and performed by the Oper Leipzig and the Gewandhausorchester. Soloists include Comelia Helfricht, Zsuzsanna Bazsinka, Emesto Grisales, Tomas Möwes and Martin Petzold; 3pm; Jan 21

LONDON AUCTION

Sothebys; Parke Bernet & Co. Tel: 44-171-4938080 The Cody Archive: sale of the

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Beethoven, Debussy and Chopin;

performs works by Mozart.

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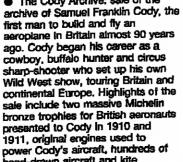
9pm; Jan 22

Tel: 34-3-2681000

Alte Oper Tal: 49-69-1340400 Freiburger Barockorchester: with conductor Gottfried von der Goltz and cellist Guido Larisch perform works by C.P.E. Bach, Monn and Mozart; 8pm; Jan 21

HELSINKI

OPERA & OPERETTA Opera House Tel: 358-0-403021 Die Fledermaus: by J. Strauss. Conducted by An Angervo and performed by the Finnish National Opera. Soloists include Jukka Salminen, Ritva-Liisa Korhonen, Pekka Káhkönen and Eeva-



hand-drawn aircraft and kite designs; 10.30am; Jan 24 CONCERT St Giles Cripplegate

Tel: 44-171-6388891 BBC Singers: with conductor Stephen Cleobury and organist Christopher Hughes perform works

by ives; 3pm; Jan 21 Wigmore Hall Tel: 44-171-9352141 The King's Consort: with director Robert King, soprano Deborah York, countertenor James Bowman and trumpeter Crispian Steele-Perkins perform works by A. Scarlatti, Hasse and D. Scarlatti; 7.30pm; Jan 22

CONCERT Philharmonie im Gasteio Tel: 49-89-48098506 Münchner Rundfunkorchester; with conductor Rico Saccani perform excerpts from Giordano's "Andrea Chénier" and Ponchielli's "La Gioconda", Soloista Include soprano Sharon Sweet. mezzo-soprano Bruna Baglioni, tenor Krjistjan Johannsson and

baritone Silvano Carroli; 8pm; Jan DANCE Nationaltheate

Tel: 49-89-21851920 Swan Lake: a choreography by Ray Barra after Petipa/Iwanov to music by Tchaikovsky, performed by the Bayerisches Staatsballett. Soloists Include Natalja Trokaj and Kirill Melnikov (Jan 20), and Evelyn Hart and Lindsay Fischer (Jan 24); 7.30pm; Jan 20, 24

NEW YORK

CONCERT Alice Tully Hall Tel: 1-212-875-5050 Stuart Neill: recital by the tenor. The programme includes works by Beethoven, Liszt, Strauss, Rossini, Donizetti and others; 8pm; Jan 21 The Walter Reade Theater Tel: 1-212-875-5600 Kurt Olimann: accompanied by

baritone performs works by W.A. and F.X. Mozart, Brahms, Chanler and Roussel, and Spanish folk songs by Obradors, De la Torre, Nin and Falla; 7.30pm; Jan 22 EXHIBITION MOMA - Museum of Modern Art Tel: 1-212-708-9400 Roy DeCarava: a Retrospective: this exhibition surveys the work of the American photographer Roy DeCarava through some 200

black-and-white photographs made from the late 1940s through to mid-1990s. The display includes photographs from everday lifa in Harlem, the civil rights protests of the early 1960s and studies of nature, as well as a selection of jazz photographs; from Jan 25 to May 7

PARIS

CONCERT Salie Gaveau Tel: 33-1 49 53 05 07 Thierry Felix: accompanied by planist Charles Spencer. The bass-baritone performs songs by Schubert and Debussy; 8.30pm; Jan

Salle Pieyel Tel: 33-1 45 61 53 00 Les Pêcheurs de Perles: by Bizet. Concert performance by the Orchestre National d'Ile-de-France with conductor Jacques Mercier, the Ensemble Favart, the Choeur da l'Opéra Comique and the Choeur du Conservatoire du XVIIIème. Soloists Includa soprano Guylaine Raphanel, tenor Léonard Pezzino, baritone Alain Vemhes and bass Jacques Bchwarz; 8.30pm; Jan 20 DANCE

Renato Bruson; 6pm; Jan 21, 25 (7pm) WASHINGTON Théâtre des Champs-Elysées

Soloists Includa Mara Zampieri,

Anna Gonda, Frenco Farina and

Tel: 33-1 49 52 50 50 CONCERT Les Karamazov: a choreography Concert Hall Tel: 1-202-467 4600

by Boris Eifman, performed by the St Petersburg Ballet. Soloists Richard Goode: the planist Include Andrei Gordeev, Igor Markov, Albert Galitchanine and Yurl Jan 21 Ananian; 8.30pm; Jan 22, 23, 27 POP-MUSIC Lisner Auditorium

VIENNA CONCERT

until January 27.

11th Annual World Folk Music Benefit Concert: featuring Oscar Konzerthaus Tel: 43-1-7121211 Brand, Dee Carstensen, Wiener Symphoniker: with Chesapeake, Catie Curtis, Bill conductor Wolfgang Sawallisch and Danoff, Eddie From Ohio, Foremen, violinist Christian Altenburger perform Dukas' "L'Apprenti Sorcier", Highwaymen, Pete & Maura Stravinsky's "Violin Concerto" and Kennedy, Schooner Fare, and Side Beethoven's "Symphony No.5"; by Side; 6.30pm; Jan 20 11am; Jan 21 OPERA & OPERETTA ZURICH Burgtheater Tel: 43-1-514442960 Die Dreigroschenoper: by Weill/ CONCERT Brecht. Conducted by Peter **Opernhaus** Zürich Keuschnig and directed by Paulus Tel: 41-1-268 6666 Manker. The cast includes Trude Frederica von Stade: Ackerman, Heima Gautier, Maria accompanied by pianist Martin Katz. Happel and Eva Herzig, the costumes are designed by Vivienne Westwood; 7pm; Jan 22, 24 Wiener Staatsoper Tel: 43-1-514442960

The mezzo-soprano performs works by A. Scarlatti, Granados, Ravel, Copland, Ives, Bolcom, Ginastera and Offenbach; 8.30pm; Jen 22 Lohengrin: by Wagner.
 Conducted by Horst Stein and Tonhalle Tel: 41-1-2063434 Camerata Academica Salzburg: performed by the Wiener Staatsoper. with conductor Sándor Végh and Soloists include Julia Faulkner, Uta violinist Alexander Janiczek perform Priew, Kurt Rydi and Gösta the overture to Mozart's "La Finta Winbergh; 8.30pm; Jan 20, 24 (6pm) Giardiniera", his "Violin Concerto" Un Ballo in Maschera: by Verdi. and "Symphony No.29"; 7.30pm; Conducted by Stefan Soltesz and Jan 21 performed by the Wiener Staatsoper.

OPERA & OPERETTA Opernhaus Zürich

Tel: 41-1-268 6666 Der Rosenkavalier: by R. Strauss. Conducted by Franz Welser-Most and performed by the Oper Zürich. Soloists include Gebriele Lechner, Alfred Muff and Cornelia Kallisch; 6pm: Jan 21

WORLD SERVICE Mozart, Brahms and Chopin; 3pm; BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m) **EUROPEAN CABLE** AND SATELLITE

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17.30 Financial Times Business Toniaht

Midnight Financial Times Business Tonight



MUNICH

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COMMENT & ANALYSIS

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Threat to UK defence tendering Not popular

compete.

in little doubt.

ignoring the results of a competition designed and very

efficiently managed by his

From Mr Francesco Giavazzi

Sir, Lex on Italy (January 15)

fails to distinguish between the

and Mr Carlo Fapero.

Dini and the Berlusconi

governments, and thus does

not do justice to the former.

When Mr Dini took over in

between Italian and German

10-year bonds had risen to 650

basis points - from 250 at the

government: it is now back to

beginning of the Berlusconi

Over the same period the

differential between 10-year

the fixed interest rate on

measure of issuer risk - fell

30. The lira strengthened

the resignation of the

4.3 per cent of GDP

government, reduces the

public sector borrowing

from 150 basis points to below

vis-a-vis the D-Mark from 1100/

1200 during the spring to below

1080. The Dini budget for 1996,

approved by parliament before

requirement from 7.4 per cent

of interest that rises from 3.4 to

For the first time in 20 years

the debt-to-GDP ratio at the

end of 1996 will be below its

level at the start of the year.

Admittedly, pension reform

of gross domestic product in 1995 to 5.8, with a surplus net

10-year swaps - a good

BTPs [government bonds] and

450.

February 1995 the spread

with German population

From Mr Gunter Habermann. Sir, It is not surprising that no senior German politician is joining the meeting in Brussels to promote Emu ("Germans snub single currency

conference", January 16). It is not very popular to promote things ordinary Germans don't want. Why take silver when you will lose your gold?

When German finance minister Mr Theo Waigel announced that Germany did not meet the Maastricht criteria in 1995 a few days ago ("Germany failed Maastricht test", January 10), it came to my mind that Germany could (deliberately) fail to meet that criteria in the future. As Mr Waigel will not allow the criteria to be changed, be might be bold or clever enough to let the Euro start without Germany. Luxembourg is a good starter for Emm as it has a long experience in sharing a

Günter Habermann, Langes Gräthlein 39. 97078 Würzburg, Germany

True picture of populations

From Mr Rupert Blum. Sir, As usual, Joe Rogaly's article is interesting but, like most writers on demography, he treats the number of children born as indicators of future population trends ("The White Tribe's sunset", January 13/14) This is unsound. What

matters is the number of surviving female children. Accordingly, population growth in countries with a tradition of female infanticide (or equivalent abortion), like China, will be slower than in societies without such a tradition.

Are there any statistics available which take account of this?

Rupert Blum, Prior House, oke Prior.

Herefordshire HR6 ONB,

From Mr Alan Mauer. procurement departments. These competitions, according Sir, Your article "Land Rover to a statement made by Mr set for Army order" (January James Arbuthnot, minister of 16) misses an essential point. state for defence procurement The ambulance contract was (Hansard, October 17 1995), put ont to competitive tender. have been the key to reducing Manufacturers - European and tha cost of procurement and British - were invited to

Turning point for Italy

should be credited to Dini

improving the competitiveness The rigours of Ministry of of the UK defence industry and Defence trials are not cheap. have concentrated resources on enhancing the capabilities Steyr Daimler Puch will have of our frontline troops. That competition is the only spent upwards of £3m during the three-year project. That the Stevr vehicle won and was the recommendation from tha which is the most Ministry of Defence seems now As a result of the intensive lobbying campaign, the defence minister will choose Land Rover, conveniently

for money.

way to find the equipment operationally efficient and best value for money is in no doubt. To ignore the results of such competition will deprive the frontline troops of the best equipment available and ensure that the taxpayer does

not receive the optimum value

has been weaker than

necessary, and further

adjustment will be needed.

France, a significant correction

of Italy's social security system

agreement of the unions and

thus without jeopardising the

wage pact - a crucial factor to

make sure that the rise in the

consumer price index will not

After a complete stall during

translate into permanently

the Berlusconi government.

on privatisations: the much

yielded to shareholders a

approval for the hill that

allows it to set up the

electricity - so far the

stumbling block for the

privatisation of ENEL. A

reduction of Italy's "debt

mountain" will require a

fiscal tronbles.

Carlo Favero.

Milan, Italy

Francesco Giavazzi,

Bocconi University,

generation, but 1995 - as were

1992-93 - should be accounted

for as a turning point in Italy's

regulatory authority for

criticised flotation of ENI has

return of 7 per cent over two

months. The Dini government also obtained parliamentary

1995 has also seen some action

higher inflation.

But, in sharp contrast to

has taken place with the

Alan Mawer, director. Park.

from the procurement department in favour of a "Buy British" campaign will ensure that few, if any, companies will ever again risk the UK competitive tender system. Not only will the frontline soldier be deprived of the best available equipment, but once again the Ministry of Defence and taxpayer will be at the mercy of a Britisb defence industry deprived of competition.

More importantly, blatantly

to ignore a recommendation

and the second second

Antomotive Technik, 7 Lawson Hunt Industrial Guildford Road,

Broadbridge Heoth. West Sussex RH12 3JR, UK

Sociological view of art

From Mrs M.A. Osborna. Sir, I have not yet been able to see the latest Tate exhibition, "Picturing Blackness", However, William Packer's article "A black mark for the Tate" (January 13) has certainly given me an incentive to make the effort to udge for myself whether this is indeed an ignorant exercise in pseudo social history. Mr Packer seems to imply that there is no validity in examining paintings from a sociological point of view. However, if it is valid to examine the works of writers such as Austen, Dickens and Shakespeare for sociological insights why should not paintings be subject to the same treatment? Very often those who make carping comments about political correctness fail to

recognise the underlying reasons which have given rise lo the phrase: that black people, like women and disabled people (to name but three groups) have long been treated in ways which insidiously reinforce their subservient status in society.

۹.

M.A. Osborne, 4 Ashway,

Whral L60 3RD, UK

Gayton,

Philip Stephens Political punch-up

Both main parties are treading gingerly on the issue of sport on television to avoid a confrontation with Rupert Murdoch

As things stand, sport will soon vanish from most of the television screens in British sitting rooms. A handful of prestige events such as soccer's FA cup final and the Wimbledon tennis championships may, or may not, escape this fate. But to follow the fortunes of a favourite soccer or cricket team or to watch regularly the best golfers, athletes and tennis players, fans will he obliged to pay a fee to Rupert Murdoch's British Sky Broadcasting television network. Needless to say, Mr Murdoch will not underprice his product.

18

and the second second

The nation's politicians are transfixed. Sport on television is one of those issues where the demands of public policy collide at a casty angle with those of raw politics. As one minister puts it, Mr Murdoch offers the governmeot and opposition alike two, equally impalatable, choices.

They can do oothing to oosen his tightening grip, and thereby risk alienating millions of armchair sports fans. Or they can take on Mr Murdoch, legislate to break his looming monopoly - and risk the wrath of Britain's most powerful newspaper group during the forthcoming general election campaign. Remember that headline in Mr Murdoch's best-selling tabloid after the 1992 election declaring "It's the Sun wot won it"? John Major does. Tony Blair is haunted by it. Mr Major, we are told, has not made his choice. Instead he has established a committee of his most senior ministers to agonise on his behalf. There is similar torment in the Blair camp. True, Labour has been a touch bolder in seeking to strengthen the present, flimsy, legal safeguards against Mr Murdoch acquiring exclusive television rights to a list of the aforementioned prestige events. Bnt Mr Blair is treading carefully. His promised amendment to the broadcasting bill now before parliament would do nothing to prevent

BSkyB from exploiting more ruthlessly its hold over every other significant sporting live radio rights for England's occasion. As an aide was overheard remarking. Mr Blair wants the votes of the fans, but not to cause "needless offence" to Mr Murdoch. Return for a moment to the story so far. Since its creation

from the merger of the old Sky network and its failed rival, BSB, BSkyB has used sport as the driving force to sell subscriptions to its satellite network. Sky Sport has spent hundreds of millions of pounds buying exclusive broadcast rights to most topclass soccer, cricket. golf, and rugby tournaments. In the case of rugby league it has

bought the whole game. With deeper pockets than its terrestrial competitors - the public service BBC and the commercial ITV companies the satellite company has encountered minimal resistance. Thus live Premier League soccer is now beamed only to the 20 per cent of households which pay to

receive Sky Sports via a satellite dish or a cable link. Mr Murdoch has been shrewd in judging just how far and how fast to go in exploiting his financial muscle. For the most sensitive events, he has chosen to strike deals with the BBC and the ITV companies to sell on some rights. The BBC, for example,

Interests of the self-perpetuating oligarchies which dominate national sport must be set against

the wider interests of all consumers the second states . /

greatly increased the total number of television hours devoted to sport. It has far

·. .

gets recorded highlights of fewer viewers that the terres Premier League soccer and trial stations, but the fans can watch their favourite teams overseas cricket matches. Sky Sports has also held back from seeking monopoly coverage of eight events deemed in the 1990 Broadcasting Act to have a special place

in the nation's heritage. These include the Grand Nstional steeplechase and the Olympics as well as the FA cup and Wimbledon finals. The Act prohibits the televi-

sing of these on the "pay-per-view" basis, where viewers pay a fee for each programme But Mr Murdoch is perfectly entitled to buy them for Sky Sports for as long as lt remains a monthly subscription channel. No one doubts he will do so as soon as be judges the political climate to be right. Witness his £1.2bn

hid for European broadcasting rights to the Olympics. **Opinions about Mr Murdoch** tend to polarise. Free market zealots applaud him for his entrepreneurial skills, tenac-

ity and sbeer guts. Good lnck to him, they say. BSkyB, in which his News Corporation holds the dominant 40 per cent stake, nearly went bust

not so long ago, threatening to bring down Mr Murdoch's entire international empire. But he kept his nerve. No-one should begrudge him e just return on his investment.

Ranged against these disciples of the market are the sports sentimentalists who believe that, at its highest level, competitive sport is

properly the property of the nation. To deny universal access to the performances of the English or Scottish soccer teams or to test matches at Lords would somehow be to rob people of their rights of citizenship. I count myself in

neither camp. The governing bodies of the main sports take Mr Murdoch's side. They were long exploited by the old BBC-ITV

duopoly. Sky Sports has

for much longer. Satellite television has also financed an Improvement in the dismal condition of the nation's stadia, not to say the six-figure salaries which are oow widespread in sport. So it is hardly surprising that the leading lights of the Football League, the Test and County Cricket Board and the

Rugby Union turned out in force at Mr Murdoch's command this week to insist they retain a right to sell their product to the highest bidder. But rights cannot be so narrowly defined. The interests of the self-perpetuating oligarchies which dominate national sport must be set against the wider interests of all consumers. Be in no doubt, Mr Murdoch is building a monopoly. He is not interested in compet ing in the marketplace but in rigging it. If his predatory pur-chasing succeeds in driving the BBC and FIV out of sport, he will be able to name his own price for subscriptions to

Sky Sports. To brake his ambitions, the politicians must, at a very minimum, back two amendments to the broadcasting bill. The first would strengthen the protection afforded to the listed occasions by guaranteeing the access of terrestrial television. The second, more importantly, would require any broadcaster securing exclusive live cover of a particular event to sell on subsidiary rights, such as recorded highlights, to at least one of its competitors, Mr Murdoch of course would be cross. So too would be the placemen who control British sport. But they would still make lots of money. As for Mr Major and Mr Blair. they should be made to ask

themselves an awkward ques-

tion. How healthy is democ-

racy when they weigh so care-

fully the interests of one

businessman against that of

the many millions of voters

who put them in office?

currency with Belgium.

If you think Europe has a future, we'd like to hear about it

Whether you're for or against Europe, its future is an increasingly hot topic of debate. Now, on the eve of the 21st century our destiny seems unclear, and is certainly unresolved.

Which is not surprising, considering the complexity of the issues and the number of people involved, all of whom have their own ideas on the Europe of the future.

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That's why we've launched a writing competition called the Philip Morris Institute Europe Prize, which is open to journalists as well as to non-journalists from any walk of life. In a first

stage, we're asking entrants to write a 300-word synopsis in English, French, German, Italian or Spanish on the theme

of journalists from some of Europe's most influential publications will select the 50 best synopses and invite their writers to develop an article of 1,200 - 2,000 words in one of the EU's official languages.

What Europe for the New Millennium?' A jury

From these final entries, the jury will make three awards: the Philip Motris Institute Europe Prize, worth Ecu 15,000, and two further awards of Ecu 6,000 and 4,000. At the jury's discretion, a special award of Ecu 5,000 may also be made for the best submission from a young writer (age 18-30).

The article that wins the Philip Morris Institute Europe Prize will be published in major newspapers across Europe.

The closing date for synopses is March 15th, 1996. Only original, unpublished material is

eligible. For entry details and other information, please contact the Philip Morris Institute at the address below.

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Europa · Dominique Moïsi The ghost of a relationship

The Franco-German alliance needs to recover its dynamism if the EU is to get back on track

Slmón Bolivar, the 19th-century leader who fought to free South America from Spanish rule, once likened the task of unifying that continent to "ploughing the sea". It would be an exaggration to say that François Mitterrand, the former French president, felt the same way at the time of his death about the unification of Europe. But he was certainly disillusioned with the direction in which the Euro-pean Unloo is moving.

His discochantment was more than justified: the EU is in crisis, its central message that economic and monetary union must be the next indispensable step in the unification process - is wrong. The mes-sengers conveying it are weak. And Europe's principal engine, the Franco-German relationship, is showing signs of strain and exhaustion

Emu may be economically desirable and technically feasi-ble. Politically, however, it is proving to be disastrous and it is highly unlikely that the concept can be sold to the European public.

ques Santer replaced Jacques Delors as president of the European Commission, many The problem is not the timetable - why should 2002 be any easier than 1999? It is not even thought that a pragmatic, the convergence criteria, low-key, relatively uncharismaalthough the insistence that tic figure was precisely what countries must meet them to qualify for monetary union Europe needed. should be dropped. With the benefit of a year's

It is that the entire European project has come to hinge solely on the implementation of e technical reform - monetary union - which the broad mass of Europeans find, at best, irrelevant and, at worst, unacceptable. This is chiefly mission. because they can see no social benefits that would result from

as a defence of last resort Other important issues unemployment, institutional against mounting hostility reform, foreign and security towards the EU. Unfortunately, policy - are as pressing as ever. So why should Europe focus to the exclusion of all this is not what we have got. In spite of reassuring official else on a monetary union that will make the process of forging stronger bonds between



The smiles of Jacques Chirac, French president (left), and Kohl conceal a strained Franco-German relationship Picture: AP

existing EU members more

For one thing, the ghost of François Mitterrand still hangs problematical and which, fur-thermore, offers no answer to the problem of achieving heavily over it. Granted, the enlargement? Seen from Warstability of such an alliance saw, Budapest or even Prague, depends much more on strategic concerns than on the per-sonal chemistry between politimonetary union is clearly not a top priority. The negative message is cal leaders. But personalities reinforced by the personalities do matter.

of the messengers. When Jac-Seen from Bonn, the new French team does oot give the impression of sharing the same interest and dedication in pursuing the Franco-German relationship, or the cause of Europe at large, as some of its predecessors. Seen from Paris - and many

hindsight, and as one low-key other European capitals presidency - Spain - is Chancellor Helmut Kohl's replaced by a potentially chaforcefulness when addressing otic one - Italy - more and European issues can all too more people are regretting that easily be seen as pushiness. and resented. In fact, the two countries are there is no strong and inspired leader at the head of the Com-

palpably growing further apart in a process driven hy frustra-tion, disenchantment and their Under such circumstances, a close, dynemic Francorelative loss of interest in each German relationship is needed other. The antipathy sparked by last year's resumption of French nuclear testing did not create this situation; it merely

served to underline it. statements and goodwill on The root cause of this coolboth sides, the Franco-German ing of relations between the relationship is no longer what two countries may be the unifiit used to be - for several reacation of Germany and the

shift in the balance of power in Europe that has followed in its wake. France, afflicted with self-doubt, has become increasingly unsure of how to deal with this new Germany. The social crisis in France at the end of last year can only have reinforced this state of mind.

Even François Mitterrand the "great European" whose legacy in this area has been legitimately praised - contributed to the cooling of relations by failing to grasp Europe's changed priorities in a post-cold war world.

In sum, the present divergence between the two nations was not, for the most part, a consequence of the fact that Germany was looking east while France was looking south. It is driven much more by the presect tendency of both countries to look after their own interests first. This has left their European rhetoric sounding increasingly hollow and irrelevant.

It is highly symbolic that the number of French studente learning German has remained low, while the number of Germans learning French is on the decline. And yet It is still possible for Franco-German ventures to be successful, as shown by Arte, the highquality Franco-German television channel.

If the development of the EU is to be put back on track before it is too late, it is essential that the lost dynamism of the Franco-German relationship should be restored

Some think the UK has an important role to play, arguing that it could act as a catalyst to bring France and Germany closer together. It would be a mistake to rely mainly on Britain to effect such a rapprochement, however. A third party may have sufficient influence to strengthen an already thriving alliance still further. But it would be asking too much to expect It to inject new life into a faltering relationship.

The author is deputy director of Paris-based Institut Français des Relations Internationales. He writes here in a personal capacity

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FINANCIAL TIMES

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Papandreou's daunting legacy

The belated and undignified departure of Mr Andreas Papan dreou from the Greek political stage, after clinging to power in spite of chronic ill health, should at last bring an opportunity to tackle long-overdue reforms. The Greek political system, its economy and the bloated state bureaucracy, all require radical surgery. Its foreign relations, whether with its partners in the European Union, its neighbours in the Balkans, or most important, its ancient adversary, Turkey, are in need of urgent improvement. The task for Mr Costas Simitis, Mr Papandreon's successor, is

daunting. The retiring prime minister had an unenviable reputation in the outside world as a tiresome politician. Yet his legacy in Greece is not entirely negative. He presided over a modernisation of Greek society, and a liberalisation of its laws, including the introduction of civil marriages, women's rights and a greater awareness of the need to protect the environment. But be left a system of political cronyism, along with malpractice in hiring, tendering and procurement in the state sector, which seriously undermine good govern-

In certain elementary ways, the Greek economy is more rationally organised than it was 15 years ago, when Mr Papandreou came to power. A vigorous money market has replaced crudely administered interest rates, curbs on capital flows have been lifted, and the stock exchange has revived from quiescence.

In recent months, Greece has won mild praise from the European Commission for its efforts to restore a minimum of health to the economy, and repair the damage of previous years, largely caused by Mr Papandreou's first government

Soaring deficit

That administration was responsible for the enforced nationalisation of many Greek industrial companies, for maintaining indexlinked wage and pension rises in the face of a soaring public deficit,

tax evasion. And it introduced a system of political party appointees throughout the public service, from mainline ministry posts, to humble jobs in hospitals and post offices.

When he came to power in 1981, Mr Papandreon was guilty of culti-vating the illusion that Greece could ignore western Europe, and fashion its own model of social-ism. He also akilfully rode the wave of anti-western fury that swept the country after the col-lapse of the pro-American military

Flow of subsidies

Latterly he played his own grudging part in toning down that mood, by demonstrating in prac-tice that neither rabid anti-Americanism, nor flirting with radical Arab regimes, provided any realis-tic basis for a foreign policy. Hav-ing obstructed Greek membership of the European Community when he was in opposition, he used the generous flow of subsidies from Brussels to blunt anti-European sentiment and ensure his own reelection.

Yet in the declining years of his rule, he again exploited Balkan nationalism in whipping np hostility towards the fragile democracy in neighbouring Macedonia, and imposing a trade embargo. That action ran counter to the positive role in the region which Greece should play as a stabilising force in the Balkans, promoting cross-

border trade and prosperity. Mr Simitis has rightly put eco-nomic reform and reform of the inefficient bureancracy at the top of his agenda. At least 50,000 jobs or one in ten, need to be praned from the public service. He admits that the civil service is "incapable of putting policy into practice". It will require political courage to carry out those reforms against

the opposition of many Papandreou loyalists in his party. For its part, the European Union must help. That does not involve giving cash hand-outs without ensuring that the money is well spent. Instead, it means setting strict conditionality on the sub-Television, the independent broadcaster, Sir Rocco's grip will probably be prised from the company his stantial budget transfers Greece

COMMENT & ANALYSIS



At the centre of the City web

One powerful UK fund manager is poised to decide the outcome of Granada's hotly-contested takeover bid for Forte, says John Gapper

wo meetings this morn-ing will probably decide the outcome of the most hotly-contested takeover the heart of such contests. After 25

years at the company, she has come to embody MAM'a values. Her fund bid in the City for several years. Sir Rocco Forte and Mr Gerry Robinson, chief executives of Forte and Granada, will separately come to court a woman whose company holds their fate in its hands. That woman is Ms Carol Galley, vice-chairman of Mercury Asset

Management Ms Galley, who runs the UK institutional investment side of Mercury, has a pivotal influence in deciding whether to cast the vote of the 14.6 per cent of Forte that MAM holds for or against Granada's hos-tile bid. If MAM places its faith in Mr Rohinson, as it did in 1994 dur-ing a battle for London Weekend

managers look to her to "bring us back to basics", as one describes it, Indeed, Ms Galley espouses such values with an almost moral fervour. She has been known to describe the wasting of equity capi-tal as "a sin". MAM is relentless in trying to pick those companies whose managers will earn money for the trustees of pension funds. It can be ruthless in its treatment of those who fail. "Equity is a scarce commodity, and nohody should chuck it around," says one MAM fund manager.

Although courteous, Ms Galley is not shy about expressing such views with a great deal of force to executives with whom MAM is

in them heavily. That makes it prone to being the arbiter of bid battles. And Ms Galley is always at Mr Stephen Zimmerman, now a depnty chairman of MAM, than at Warburg, the merchant bank which was

its parent until last year. She was taken under the wing of Mr Licht when she displayed ambition and the confidence to suggest ideas. Since then, she has risen rapidly. She still embodies the values she found when she arrived, nota-bly hard work and discipline. She arrives at 8.30am each morning, and works until 7pm. "She is extremely hard-working and dedicated to her clients. Nothing else clutters up her mind," says a colleague.

he was appointed a vicechabman last June, and was paid an estimated £490,000 last year. Yet Ms Galley still works at a desk with seven other fund managers, using her office only for private

things to everyone," says another, Having proved her worth as a fund manager, Ms Galley's role now is to oversee the UK institutional department, and ensure its old virtues are preserved. That is harder as the value of "active" fund managers who place large bets on a few companies, rather than buying small shares in many, is questioned. They must constantly prove they can perform better than a fund which mirrors an index.

MAM's approach typifies this, with a tradition of spending many hours on intense research of companies before deciding they are undervalued by their present share price. It then huys a large stake and waits for its intuition to be proved cor-rect. A typical case was Granada, which Ms Galley felt had a collec-tion of accet the much of which tion of assets the value of which could be released by a new management under Mr Robinson.

She was right about Granada, but

holding a share, and I said it was because I expected a takeover, she would probably tear me off a strip," says one. Yet if takeovers occur, MAM has no scruples about taking advantage of the opportunity if it

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trusts the hostile bidder. Some fund managers argue that this apparent impartiality creates a damaging uncertainty among companies, which does nothing to create shareholder wealth. They say managers should be able to concentrate on running a company with-out constantly having to fear that shareholders will sell out. "You cannot run a business properly if you are spending all your time looking

over your shoulder," says one. The most comfort MAM can offer to executives like Sir Rocco is that it takes seriously the responsibility of deciding on bids. It is sensitive to the notion that Ms Galley will simply back her own hunch. It has set up a five-person committee to exam

and for the consequent accumula gets from Brussels, to back the tion of a huge national debt. It new prime minister in his tough failed to crack down on chronic task.

Another nudge to UK rates

Yesterday's quarter-point cut in interest rates surprised most observers, but did not fundamentally change the short-run outlook for UK economic policy. The domestic economic data published since last month's quarter-point reduction underline the absence of price or demand pressures. Thus, the second easing of the present cycle can be defended on broadly the same grounds as the first.

For some, the fact that there has not been any striking economic news since the last rate reduction merely demonstrates that the move was politically motivated. With the government facing a shrinking parliamentary majority and renewed mutterings about a leadership challenge to Mr John Major, the prime minister, chancellor Mr Kenneth Clarke is under pressure to err on the side of incaution.

Equally, investors are looking for any evidence that he is trying to inflate the government out of trouble. The fact that the chancellor opted for two small reductions in consecutive months shows that he has no compunction about cutting interest rates as soon, and as often, as economic conditions will allow. Equally, the refusal of the governor of the Bank of England, Mr Eddie George, to comment on the cut leaves some suspecting yet another disagreement between the Treasury and the Bank over whether a reduction was needed so soon after the last.

Unworried investors

Yet tha reaction in financial markets yesterday implies that investors were broadly unworried by such speculation. Sterling held its ground against other European currencies, while UK bond futures ended the day significantly higher.

On balance, investors' equanim-ity seems justified. We shall not know for another six weeks whether Mr George did in fact oppose yesterday's cut and it will be even longer before it will be possible to judge whether this second reduction was justified. For now, though, the weight of evidence favours Mr Clarke's deci-

On the domestic front, Wednession. day's unexpectedly small drop in unemployment hints at a possible slowdown in employment growth.

as companies seek to run down their excessive stock levels. The large adjustments to retail sales required during the Christmas period make it hard to draw strong conclusions from the latest December data. But yesterday' figures showed little sign of a strong upturn from the sluggish performance of the preceding months.

Mr George might have disagreed with Mr Clarke at Wedneaday'a monthly monetary meeting on the grounds that another cut in rates would be taking unnecessary risks with the inflation target. The December inflation data were disappointing, showing that the retail price index (excluding mortgage interest payments) had grown by 3 per cent over the previous twelve months, up from 2.9 per cent in November.

Latent recovery

Some would also point to strong growth in real money demand as evidence of a latent recovery in domestic confidence that will soon filter through to final demand. But, with producer price pressure continuing to slow, and unexpectedly modest growth in average earnings in December, the risks to domestic inflation of a small monetary boost would appear to be slight Self-evidently, the strongest

arguments for yesterday's move relate less to conditions at home than to growing worries about the downturn in continental European growth. As was true of Mr Clarke's UK move, the quarterpoint reduction in French interest rates yesterday owed much to a growing belief that the depressed state of German demand means further interest rate cuts from the Bundesbank In the coming months are highly likely. With what appears to be a com-

was right for Germany is also

right for the UK.

petitive exchange rate, moderate tax reductions, and a half-point reduction in interest rates to support it, the UK economy may turn out to need less prompting out of its growth pause than the princi-pal continental ones. Mr Clarke should not bank on being able to follow, still less anticipate, every future Bundesbank rate reduction For the moment, though, what

father founded 60 years ago. It is an awesome power, but one to which she is accustomed. As the biggest and most consistently suc-cessful manager of UK pension funds - with £60bn under management - MAM is used to deciding the fate of companies. Ms Galley has also had to live with the recriminations of suitors it rejects. Mr Greg Dyke of LWT, for example, com-plained publicly about the way she

sourned him. Along the way, Ms Galley has attracted a degree of fame and mystique, which has only been stimu-lated by her determination to discourage publicity. As one of a small number of women in senior positions in the City, she attracts what some think of as a disproportionate amount of attention. "The reason for all the questioning is she is a woman. I think it is unfair," says Mr Leonard Licht, a former senior

executive at MAM. Yet Ms Galley is unlikely to escape public scrutiny.MAM'a pol-

icy is to pick companies that it believes are undervalued and invest

unhappy. She can be scathing in private about the egos of managers who behave as though they own their companies. In her view, it is not simply a matter of improving investment returns. She also believes that society is better off for

having fund managers who stamp out corporate complacency. Ms Galley, who is 47, has been thoroughly immersed in the ethos of MAM since joining in 1971. The daughter of a local government officer in Newcastle-upon-Tyne, she studied modern languages at Leices-ter University before deciding to seek a job in the City. It was a radical choice, since most of her female friends were opting for employment as teachers or doctors. But Ms Galley wanted to do something different.

She joined the investment department of S.G. Warburg, which became MAM, working in the library. She encountered the culture, established by Siegmund Warburg and Henry Grunfeld, of hard work, innovative ideas, and teamwork. Some argue that the culture

meetings. She has strict standards, and does not tolerate laxity in staff any more than in companies, but her colleagues like her. "Most people like having Carol around. Things work well with her in charge," says one.

Ms Galley, who is married to Ger-man stockbroker, has turned the fact that she is a woman in a male world to her advantage. She is always immaculately presented, with a smattering of gold jewellery. Some colleagues says she is willing to exert female charm to get her way. "I would not go so far as to call it flirting, but there is an ele-

ment of that," says one. Rival fund managers say they admired Ms Galley's decisive quality, and willingness to stick her neck out in investing money. "She is a very neat manager. If she likes a share she backs lt, and if she loses faith, she cuts it cleanly," says one competitor. "She was quick to spot a long time ago that MAM should make strong indgments about companies, and not attempt to be all

bas been wrong about some others. MAM has relatively few shares of regional electricity companies in its portfolio because it has taken the view that it does not like regulated industries. It has thus missed out on the escalation of such shares since privatisation in 1991. Yet in the main, MAM's intuitions have been more right than wrong, helping it to keep attracting funds.

One difficulty with the approach is that it puts MAM at the heart of takeover battles. "We look for assets that are under valued by the market. Of course, some companies will look for exactly the same thing," says one fund manager. Indeed, there may be a temptation for MAM to encourage takeovers precisely to release hidden value in its holdings. If that were so, it would start acting as a hidden corporate raider.

MAM fund managers say that acting this way would be counter to its principles of investing in shares that have long-term underlying value. "If Carol asked why I was

ine both sides of the argument, and decide. Ms Galley is an influential member of this committee, rather than the sole judge. Yet other fund managers say they wish they did not have to play such a role. "To be honest, any company

being taken over is probably 0.3 per cent of my portfolio. My job in investing, not choosing between two managements," says one. Another says fund managers have to take decisions by default because the actual shareholders - pension funds - do not usually want to consider the issues themselves.

Such apathy places a heavy responsibility on Ms Galley. It is perhaps as well that by temperament as well as conviction, she is suited to dispensing financial jus-tice. "Carol can be tough about dropping people whom she no lon-ger believes in," says a colleague. Sir Rocco must be a persuasive suitor this morning. Otherwise, he could end up as wounded as others who have experienced the clean cut of Carol Galley.

Financial Times

100 years ago

·OBSERVER i (n. 1944).

Towering ambition

Last antumn, Chancellor : Helmut Kohl lambasted young Germans for studying too long and hving off the fortunes of their more enterprising parents. But he did rather lack a role model. Enter Lars Windhorst, a 19-year-old who runs a Hong Kong based conglomerate with annual sales of DM250m.

Windhorst and Europe's oldest statesman now get on famously. The prodigy accompanied Kohl on his recent trip to Asla and sat next to him at the great cookbook launch. On Wednesday, Windhorst officially "came out" in Bonn, hosting a party for 600 or so worthles, the chancellor included. The function raised some DM300,050 for Kohl's wife's charity. Windhorst started importing electronics parts from China aged 14, and left school two years later. But the really remarkable thing is that he has this to fritter away

with Kohl. After all; he is supervising the construction of a 220-storey office block in Ho Chi Minh City. It's name? Yup, the Windhorst Tower.

Past masters At last Crédit Lyonnais, the

state-owned bank which managed to drag a FFri35hn financial

restructuring through the French parliament last year, has found a way to capitalise on past

way to capitalise on past misfortunes. Having clambered back to modest profitability following three years of heavy losses, it is now out on the road selling its expertise on state-backed rescues. In the next few days, some CL

executives will be dropping in on Banco do Brasil, which has been suffering similar financial problem

So will Crédit Lyonnais be charging for its expertise? The bank says not, stressing that it remains active in Brasil and is offering help rather in the spirit of co-operation than as a means to instant bucks.

Banco do Brasil does seem to be forking out for the airfares. But, given Crédit Lyonnais' success in pushing through its rescue in the face of fierce opposition, that modest outlay is probably cheap at the price.

· · · · · · Hume run

· · . . John Hume, that most decorated of politicians, bas won yet another honour. The SDLP MP for Foyle, in Northern Ireland, has been voted person of the year by the trish News.

Hume scored 679 votes in the poll. In second place, more than 100 votes behind was Bill Clinton, Northern Ireland'a most famous recent visitor. Gerry Adams was

well back in the field with 128 votes a short neck ahead of Pope John Paul and local poet and Nobel prize winner Seamus Heaney. What of other Ulster luminaries such as Ian Paisley, Jim Molyneux and new Unionist leader, David Trimble? They did not even get to

the starting post. There again, the Irish News is known as the newspaper of the nationalist, Catholic community.

Switched off

Talk is cheap, which perhaps explains why Phil Donahue, 60. pioneer of the US daytime TV talk show, is bowing out after nearly 30 years' prime time. He will bring down the curtain at the end of this TV season after 6,000 shows. His producers blame a drop in ratings, loss of exposure in key cities and competition from the bevy of talk shows that have popped up in recent vears.

In his beyday Donahue was the hottest talk show host around mixing the serious and not-so serious. He started out in Davion, Ohio, switched to Chicago in 1974, and ended up in New York 10 years ago.

This was probably his bigges mistake: As he moved closer and closer to the centre of the TV. establishment, he lost touch with grassroots America, allowing competitors such as Chicago's Ouran Winfrey to move in. However, his downfall really came

about because of his failure to follow sleazier competitors downmarket with shows about sexual escapades, violence and drug abuse.

French leave

Patrick Stevenson, 50, long the big wheel behind Paribas Capital Markets, has finally packed his bags. He was effectively moved aside last September, when he was suddenly accorded some suspiciously grand titles, notably chairman of Paribas Europe and senior adviser to Banque Paribas' executive committee.

Stevenson would undoubtedly be a big catch for the likes of Baring Securities. However, a twosentence statement reveals that he is leaving to pursue other interests with the full agreement of Banque Paribas".

So it sounds as if talk of Stevenson starting his own investment banking business is premature. More likely he has spent the past four months negotiating a heity pay-off in return for signing a fairly stringent non-compete agreement.

Bottle law A recent survey of US lawyers showed that 90 per cent of them were bottle-fed as children. Does this mean that only 10 per cent. trusted their mothers?

Kaiser William's message The Message of Kaiser William on the occasion of the twenty-fifth anniversary of the Empire produced a favourable effect upon the markets in consequence of the strikingly pacific tone that pervades it. The contrast between this peaceful if magniloquent utterance and the belligerent message despatched the other day by the same potentate to President Kruger is indicative of more climbing down on the part of His Imperial Majesty. No doubt he scarcely relishes the easy way in which France and Great Britain are settling their differences. Rather late in the day, the German Emperor is learning

50 years ago

Buenos Aires explosion A bomb exploded at the entrance of the Buenos Aires Stock Exchange yesterday, shattering windows and causing alarm, but there were no casualties. The police immediately cordoned off the area. The explosion occurred shortly after the ending of the three-day lock-out called by employers as a protest against the Government decree ordering higher wages and a bonus for workers. All businesses are now open and the city is quiet.

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FINANCIAL TIMES Friday January 19 1996



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Tokyo pay bargaining talks begin with conflict

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Japanese unions reject proposal for wage freeze help tackle

By William Dawkins in Tokyo

Japan's annual wage bargaining round got off to a heated start. yesterday when union leaders rejected employers' proposals for

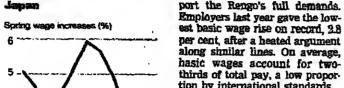
a wage freeze. Mr Jinnosuke Ashida, president of the Rengo trade union confederation, warned employers that a freeze would damage consumer confidence just as the economy was beginning to recover from the longest recesston since the 1930s. Ha has recommended unions seek an aver-

age rise of 4.4 per cent. Mr Jiro Nemoto, president of the Nikkeiren employers' association, said a freeze was justified because the labour market remained weak, despite tha improved economic outlook. Ha said companies should invest profits in maintaining jobs rather

than in wage increases. Official figures show that unemptoyment rose hy half a point to a record 3.4 per cent over the year to November. The number of jobs available for every 100 job seekers was unchanged at

about 63 over the same period. Mr Nemoto also pointed to the widening gap between Japanese and international labour costs. In dollar terms, Japan's unit labour costs were now nearly one-third higher than the US, according to the Bank of Japan. Six years ago they were equal.

Yesterday's open exchange was



tion by international standards. Overtime and bonuses make up the rest, giving employers the flexibility to adjust total pay as the profits outlook changes in the months after the basic wage settlement

That is why Japanese employees' total compensation is estimated hy the Organisation for Economic Co-operation and Development bave risan more slowly than wages last year.

Economists expect the final waga offers, in February and March, to be more widely spread between profitable and poorly performing companies than in recent years. But the average pay rise is

unlikely to be much larger than in 1995, said Mr Brian Pearce, chief economist at SBC Warburg Securities. He said employers might prefer to retain prufits for higher bonuses and overtime later in the

This is the fourth year in a row in which the Nikkeiren has sought a pay freeze. In each of the previous three years, employers ended up agreeing a rise well over the rate of inflation.

France launches urban crisis

By Andrew Jack in Paris

The French government yesterday unveiled wide-ranging measures costing more than FFr5bn (\$1bn) a year to ease the growing crisis in troubled urban regions. The plan is to create 30 "free zones" where businesses will be exempt from all state and local taxes in some of France's most deprived cities until the year 2000. It will also fund the creation of local jobs, hire more police and tackle poor educational performance.

Successive French governments have launched more than half a dozen packages since the late 1970s in response to growing concerns about violence, poverty and deprivation in the suburbs around most cities.

In a symbolic move, Mr Alain Juppé, the prime minister, announced the latest plan in Mar-seilles. Mr Jean-Claude Gaudin was elected mayor of that city last June before being his appointment later in the year as minister responsible for local development and urban policy. Apparently responding to criti-

cisms that the government had not carried out adequate consultation before launching its proposed social security reforms late last year, Mr Juppe emphasised the need for "dialogue".

He spoke at an intergovern-mental committee open for the first time to local officials and community organisations. He told them he was offering ideas to them but was open to discus-sion on both their "principle and application".

The financial commitments he offered were much less than expected. In the last few weeks, junior ministers had dropped hints that the initiative would be a "Marshall plan" for the suburbs. "Urban policy has largely broken down," Mr Juppe said. French cities were "breaking apart" and social fragmentation was becoming widespread. He stressed the need for mea-

ures to improve safety and

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Source: FT Exterior

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turers to use its operating system is

sensible. But since Apple is so far

behind. it is unclear who would want to license Macintosh. Without gains In

market share on the software side. it

will be difficult either to improve the

profitability of the manufacturing arm

or to sell it. At best, the new policy

will slow, rather than stop, the decline

The group might be able to carve itself a new future as a provider of

Internet and multimedia software,

This could turn into a substantial mar-

ket - imagine a little black box on

every television - with better mar-

gins. But it is not clear how quickly

this market will develop. Nor will

Apple be the only one ploughing these

would be better placed to face the

growing competitioo and the new

The new opportunities arise from

the increase in the private provision of

pensions in Australia, which has

caused funds under management to

rocket. This means there is a lot of

new business to win. But there are

s. in particular, banks.

opportunities in Australia.

of Apple's traditional business.

As Goidman Sachs' 174 general ET Eurotrack 200: 1633.9 (+15.4) partners gather today for their annual meeting nutside Manhattan, the main Apple Computer subject on their minds will be whether to take the investment bank public. Share price relative to the The considerations will be partly cul-S&P Composite Index tural: it will not be as easy to motivate staff and maintain team spirit if the partnership goes. But financial consid-erations will probably be paramount. Superficially, the maths of going 110 -----

public look attractive. If Goldman received a multiple of 1.5 times book value, in line with that enjoyed by Morgan Stanley, its market capitalisation would be around 57bn. That may took like a huge pot of gold, but not all would go to general partners. Outsid-ers such as Sumitomo Bank, which has invested over \$500m in Goldman would need their slice. So would the "limited partners", former employees who have capital left in the business.

Nor would dividing up what remained be simple. If the older partners tried to take stakes proportionate to their capital holdings, the younger ones, who have so far accumulated little capital, would rebel. Equity would have to be redistributed to buy them off. A bribe would also probably have to be offered to star employees who are not yet partners: otherwise, they might defect before a floration.

Once inducements had been offered, the remaining money pot might not be so huge. And given that the financial logic is unlikely to be compelling, it would be foolish to lose the unique qualities of Wall Street's last great partnersbip.

Apple Computer

AMP Apple's latest bite at restructuring Australian Mutual Provident is right to consider demutualisation. Austradoes not look big enough to restore the computer maker's fortunes. The planned 8 per cent reduction in the lia's largest life company is a formidaworkforce is limp; most analysts had ble force, having maintained its marexpected cuts of 25 per cent. And ket dominance and strong credit although the company is proposing to rating during a difficult patch for both the company and the economy. There is no immediate pressure to demutushed low-margin products, it has stopped short nf pulling out of the consumer market altogether. alise; the company does not need to raise capital. But a commercially-driven, sbarebotder-owned company

Apple's fundamental problem is that - with only 10 per cent of the personal computer market - it does not enjoy the economies of scale of Microsoft, its main rival. The technical superiority of Apple's Macintosb operating system has been largely eroded by Microsoft's Windows 95 software, for which far more applications bave been developed. This forced Apple to slasb prices, halving gross margins to 15 per cent.

also more institutions fighting for that Trying to persuade more manufa

This accounter access as a matter of record only

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have often proved better al cultivating relationships with retail chents, and entering the market. sometimes, through alliances with his companies. AMP's the up with Westpac failed, but, it is underibtedly blg enough to go it

> ลโดมะ. However, tike others, to be success ful it will have to get better at controlini it will have to get octor at controls ling costs, marketing and exploiting new technology all probably quies in a commercially driven organisation. Unless it grows, it will tose tharket share and there is hill incentive for mutual companies to grow. AMP will, not sentence itself to terminal decline If it decides against domntualisation. But it would probably, over time, in Its dominant position.

Forte/Granada

The Forte bid battle, which cloud on Tuesday, has come down to a chuice between rival sets of promised. One is the current Forte management's piedge to create a focused hotel: group which, it says, would cash in op the upswing in the hotel cycle. The other is Granada's promise to squeen greater earnings from Forte's restaurants and mid-market hotels while profitably disposing of the rest.

Though Forte has defended liself valiantly against the hostile hid. Gran-ada still deserves to win. This is partly for financial reasons. An undependent Forte should command a valuation of around 350p a share - on the basis of 21p a share from its Savoy stake and a multiple of 17 times next year's aspected earnings. That is not much less than Granada's 362p cash offer, which shareholders should not nccept. But it is substantially below Granada's cash and share offer - worth 388p to tax-paying shareholders and 399p to taxexempt investors.

Both Granada's and Forte's promises may turn out to be false. Granada could fail to meet its aggressive cost cutting targets or to sell a large portion of Forte's hoteis at a good price. But, equally, the hotei cycle could prove less benign than Forte houses. And given Granada's better track record, the risk that it will fail to deliver looks lower.

There is, of course, an even lowerrisk option: to sell Forte shares in the market price at the current price of 361 p and run. For taxpaying investors, this is probably the best way of playing the end-game.

Additional Lex comment on UK inter-

2 1985 87 88 81 93 95 Source: Ministry of Labour Fiscal veens the first between tha two sides since the Nikkeiren proposed a wage freeze last week. It marks the start of the spring wage round, or shunto. Unions feel they merit want a

reward for a year in which the gentle corporate earnings recovery from after a four-year decline is set to accelerate, with pre-tax profits already up by nearly a quarter in the six months to Sep-

The heads of at least two of Japan's largest companies do not support the proposed freeze. Mr Hiroshi Okuda, president of Toyota, Japan's largest car year, in the hope the recovery will gather force. producer, and Mr Nobuhiko Kawamoto, president of Honda, have opposed it as a risk to the

domestic economy. But they are unlikely to sup-

Hongkong Bank suffers \$42m fraud at Indonesian branch

By Norma Cohen in London and nuela Saragosa in Jakarta

The Hongkong and Shanghai Banking Corporation has discovered a \$42m fraud at its main branch in Jakarta, it said yester-

day. The bank declined to give details of the frand, which burse the cash

said \$7.8m of the missing funds Bank of Switzerland, Swiss Bank Corporation and Dresdner had so far been located. The bank was seeking to Bank. recover the remaining funds and Staff at one of the Indonesian

had notified its insurers - whose banks were said to have become policies cover fraudulent acts by suspicious about what were employees - of the fraud. described by police as "irregulari-The funds were apparently ties" over payments. They declined to hand over the cash transferred through a succession of banks after requests to dis-

and called the police. The Hongko were made

plans to

But it is understood to involve the transfer of funds through an elaborate chain of Indonesian and overseas banks. Indonesian police are bolding several sus-Dects

The bank said yesterday it had tightened security controis since the discovery of the fraud and was considering further changes. It stressed that none of its emptoyees had been dismissed in

connection with the fraud and

telegraphic orders over a period notified the Bank of England, the of three days in December. Hong Kong Monetary Authority Some of these orders were and Indonesia's central bank, of refused by Hongkong Bank in the fraud. HSBC emphasised that the Jakarta, but others were complied with, and funds were subsequently deposited in two other Indonesian banks - Unibank and Modern Bank in Jakarta. The orders were allegedly made hy an Italian-based company which had opened accounts

missing funds were insignificant when compared to its overall capital hase. "Irrespective of the eventual outcome, this unfortunate event has no material effect on the financial standing of Hongkong Bank or HSBC Holdat overseas hranches of Union ings," the company said.

reduce violence and said the government would put much more emphasis on economic remedies for unemployment

He announced a large number of initiatives, including edocational programmes targeted at juvenile delinquents, innovative teaching and greater partnership with community associations. The policies met with some positive reaction, including from Ms Martine Aubry, the socialist politician and deputy mayor of Lille, who has spent considerable time working on the problems of urban development and youth Mr Andre Gerin, the Commu-

Simitis chosen as Greek prime minister

Continued from Page 1

when delegates th a special Pasok congress will vote for a new party chairman.

Tn ensure Pasnk remains united, Mr Simitis is expected to offer senior cabinet positions to

nther members of his "gang of four" rebeis who demanded Mr both his main rivals. Mr Tsochatzopoulos is likely to remain in charge of public administration and the Pasok party machina, Papandreon's retirement last year. Most prominent are Ms while Mr Arsenis should keep Vasso Papandreon, a former bis post at the defence ministry. European commissioner, and Mr However, Mr Simitis is expec-ted to include in his cabinet Theodoros Pangalos, the former European affairs minister.

FT WEATHER GUIDE

unemployment nist mayor of the Vénnelseux district near Lyons, said: "There will certainly be some positive effect, but after the state spent FFr50bn rescuing Crédit Lyonnais [the commercial bank]

FFr5hn is not very much."

Europe today

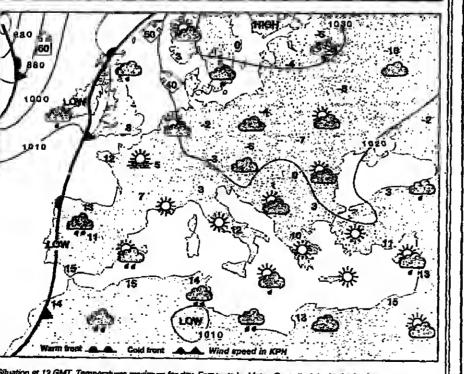
A large area of high pressure over Scandinavia will direct cold air into north-east Europe. Cloud will become widespread from Scandinavia and Russia, to the UK and northern parts of the Alps. Northern Europe will have light rain or drizzle and possibly snow. Southern Spain and Italy will have showers as a low pressure area moves eastward. Most parts of Italy will be sunny, however, except for persistent log in the Po valley. Greece will continue sunny, but temperatures will remain between 8C-11 G. Turkey will be cloudy, except for regions in tha south-west which will continue sunny,

Five-day forecast

The UK will continue cloudy with outbreaks of rain expected over western regions. Increasing easterly winds will draw much colder air from north-east Europe into western parts during the weekend. Light rain will continue over northern Europe with the possibility of snow. Later in the week, cloud will break from the east and showers will move from southern Italy towards Greece. Spain and Portugal will becoma increasingly unsettled.

TODAY'S TEXPERATURES

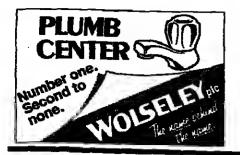
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Strength and expertise in **UK acquisition finance**

Glaxo pic **Cadbury Schweppes plc** offer for offer for Dr Pepper/Seven-Up Companies-Inc. Wellcome plc We provided £900,000,000 We were a co-arranger in uisition financing facility US\$2,400,000,000 acquisition financing Deutsche Bank AG London **Deutsche Bank AG London** Deutsche Morgan Grenfell Deutsche Morgan Grenfell **United Utilities PLC PowerGen** plc offer fo: offer for **NORWEB plc** Midlands Electricity plc We jointly arranged and underwrote We jointly arranged and underwrote £2,550,000,000 acquisition and £1,100.000,000 acquisition linancing working capital financing Dautsche Bank AG London Deutsche Bank AG London Deutsche Morgan Grenfell Deutsche Morgan Grenfell Deutsche Bank AG London 6-8 Bishopsgate, London EC2P 2AT Tel: 0171 971 7000/7640

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Forte v Granada

Ready for the showdown

FINANCIAL TIMES COMPANIES & MARKETS



Fears for

gold price

21

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Friday January 19 1996

IN BRIEF

L'Oréal raises bid for Maybelline

By Richard Tomkins in New York

L'Oréal, of France, yesterday raised the stakes in the hid battle that has broken out over Maybelline by increasing its cash offer for the US cosmetics company to \$567m. Shares in Maybelline, the second higgest US cosmetics company, rose \$2% to \$42%

in early trading yesterday. L'Oréal announced in Paris and New York that it was raising its cash offer for Maybelline to \$41 a share from \$36.75. As before, it said its offer would expire at midnight New York time on February 1 L'Oréal's increased offer came only hours after Maybelline announced that it had received an unsolicited cash offer of

\$37 a share from Benckiser, the German cousumer products groups. This had exceeded L'Oréal's earlier offer.

Based on the number of shares outstanding, L'Oréal's new offer values Maybelline at \$567m, while Benckiser's last offer valnes the company at \$511m. Whichever company wins the battle will also assume Maybelline's debts of \$150m.

By lunchtime in New York yesterday, Maybelline had not responded to L'Oreal's increased offer. In response to Benckiser's offer, it said it was ready to meet Benck iser and L'Oreal to study the situation. It also agreed to give Benckiser the details of its merger agreement with L'Oréal in spite of a confidentiality agreement. Benckiser said it was aware of L'Oréal's

increased offer and was reviewing the situation.

The stage was set for the takeover battle when Mayhelline, a mass-market maker of cosmetics, accepted L'Oreal's \$36.75-ashare offer last month. L'Oreal is the world's largest cosmetics company and its North American arm, Cosmair, is the fourth largest cosmetics company in the

The two companies thought they had an agreed deal, but last Friday, Benckiser, which owns Coty and other cosmetics brands, sent an unsolicited letter to May belline saying it was prepared to make a "materially higher" offer for the company than L'Oreal's.

On Tuesday, Benckiser followed this let-

ter with another saying it would offer \$37 unconditionally, or a "materially higher figure if Maybelline introduced a stock-holder rights plan that would prevent a successful counter bid by L'Oreal.

L'Oreal's latest move makes the outcome uncertain. On the one hand, its higher hid appears to be aimed at pre-empting a higher bid from Benckiser, and Benckiser has made it plain that it has no wish for a hid battle.

L'Oréal's hid would result in a concentration of ownership in the US cosmetics market, so raising anti-trust issues. By comparison, Benckiser's offer appears risk free, so it may need to do no more than match L'Oreal's offer to win the takeover contest



The biggest forward sale of gold has been completed by JCI. the South African mining house, in a move which will disappoint traders who fear it could adversely affect septiment in the market

and hold down the gold price. JCI has sold the entire production of its Western Areas mining complex for the next 812 years a total of 7.3m troy ounces or 227 tonnes, roughly equivalent to the annual output of Australia, the

world's third largest producer. The sale will dismay some gold halls who helieve producers' bedging programmes plotters artificial cap on the gold price. Forward sales condense years of supply into a few weeks because the counter-party financial insti-tutions borrow gold from central banks then sell it immediately to raise cash which is put on deposit until needed. Central banks get their gold back ultimately, with interest in gold. when the producer delivers the

last ounces of loaned gold. In the past, only central banks have sold such large quantities of gold and some traders were taking heart yesterday because the market absorbed the JCI gold, sold in November and December, without the gold price falling. Since the beginning of 1996 the price has risen ontie strongly. "This shows the effi-ciency and depth of the gold market today," said one trader. However, other analysts said the sale showed South African producers were willing to hedge their output whereas until recently they were reluctant to follow the lead of Australian and North American companies.

JCI's sale follows one by Gengold, a division of Gencor, which last August sold forward 2.9m ounces (90 tonnes) of gold for delivery over six years.

Anglo American Corporation said yesterday that its Freegold offshoot had sold forward about revenues up 9 per cent at \$3.6bn. 35 tonnes of gold at an average Lotus, the PC software company price of \$429 an onnce "in order acquired by IBM last year, proto rescue the risk in the future of duced a "stand-out" performance, the profit margin squeeze experienced over the past two years". Strong sales in the Asia-Pacific JCI is to give details of the sale, structured by AIG Internaregion in the quarter offset weaktional and Standard Corporate & Merchant Bank, today hut said yesterday it would ensure it could complete its R1.1bu (\$302m) development of Western's South Deep project without having to turn to shareholders. Anglo American jobs threat, Page 25

Xerox announces \$1.5bn charge

Xerox, the US office documents company, said it would record an after-tax charge of \$1.5bn on the sale of its insurance business to a group of inves-tors led by Kohlberg Kravis Roberts, the US buy-out firm, for \$2.7bn. Page 22

Repsol rises ahead of share sale Repsol, the Spanish oil, gas and chemicals group in which the Spanish government is selling more than half its remaining 21 per cent stake, issued provi-sional estimates showing a 21.6 per cent rise in consolidated net earnings last year to Pta117.7bn (\$973m). Page 24

Banesto stages powerful profits rebound Banco Español de Crédito (Banesto), the Spanish bank which underwent a Pta500bn (\$4bn) rescue two years ago, reported a return to annual profit with consolidated earnings of Pta21.4bn compared with a Pta17.8bn loss in 1994. Page 24

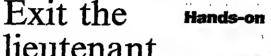
AMP to consider ending mutual status Australian Mutual Provident, the country's largest life assurance group, announced it was setting up a "task force" to review its corporate structure and consider whether it should abandon its mutual status and turn itself into a shareholder-owned company, Page 25

Strong demand for Moroccan bond issue The Moroccan government said it had raised Dh1.76bn (\$207m) in an oversubscribed issue of privatisation bonds, the country's first such issue. Page 25

Major rules out funds for Eurotunnel Eurotunnel, the Anglo-French operator of the Channel tunnel, will not have "recourse to government funds or guarantees of a financial or commercial nature". Mr John Major, UK prime minister, said in a written reply to Mr Tony Banks, a Labour MP. The crisis-ridden company, which suspended interest payments on £8bn (\$12.32bn) of bank loans in September, has been lobhying both the French and UK governments to provide support. Page 27

De Beers says \$1bn loan to Russia repaid De Beers says > provident as headed by De Russia has repaid the \$1bn it was loaned by De

ŧ,



as chief shows

he startling dismissal on Tuesday of Mr Frank Biondi, chief executive of the US media group Viacom, met with e curiously calm reception on Wall Street yesterday. Via-com's shares fell just 3 per cent. But as the market donbtless reflected, the real power behind the company remains unchanged. Mr Biondi may be a widely respected media executive, for nine years the right-hand man of Viacom's chairman, 72-year-old Mr Sumner Redstone. But as the majority holder of Viacom's vot-ing stock. Mr Redstone owns the company. He says he will take a more hands-on approach to running Viacom.

Mr Redstone hired Mr Biondi as his chief executive after his \$3.4hn takeover of Viacom in 1987. Mr Redstone's own background is the stuff of media leg-end; from being the moderately successful head of a cinema Hands-on control

lieutenant his steel

founded by his father, he a driven man after eing killed in a hotel fire



By Louise Kehoe n San Francisco

International Business Machines reported stronger than expected earnings for the fourth quarter and ended the year with its highest profits since 1990. The results provided some relief from the earnings disappointments that other US high technology companies have produced over the past few days.

Net income for the quarter, after special charges, was \$1.7bn or \$3.09 a share, a 41 per cent increase over \$1.2bn, or \$2.06 a share, in the same period a year ago. IBM recorded a previously announced restructuring charge of \$663m, partially offset by a one-time gain of \$175m related to the 1994 sale of its Federal Systems Company to Loral, For the year, net earnings,

after charges, were \$4.1bn, or \$7.23 a share, compared with \$2.9bp, or \$5.02 a share, in 1994. Excluding the special items, IBM's net income for the quarter rose 65 per cent for the quarter to \$2.0bn, or \$3.66 a share, well above Wall Street projections of \$3.45 a share.

Revenues were up 10 per cent or the quarter at \$21.9bp, bring

while also expanding newer, high growth husinesses, he said. The information technology

industry was experiencing very strong demand from corporate customers, said Mr Rick Thoman. chief financial officer. With few exceptions, IBM was

in first or second place in the markets it addressed, he said. IBM was close to completing its hroad restructuring, Mr Thoman added. The programme of joh cuts would be completed this year, he said, although IBM would continue to make cuts as

needed Results for the quarter were strong in almost all segments of IBM's husiness. In particular, revenues from services such as "outsourcing" of IT management and consulting were up 25 per cent at \$4.1bn. Sales of computer hard-ware rebounded as IBM resolved component shortage problems that had limited sales earlier in the year. Personal computers, long a problem area for IBM, sold

well during the quarter, Mr Ger-siner said. Total hardware sales were up 8 per cent at \$11.5bn. Software, IBM's most profitable

business area, also had a strong quarter, Mr Gerstner said, with

			rding to the South A	frican	chain founded by his father, he became a driven man after
diamond gr		_			almost being killed in a hotel fire
Companie	es in t	his is	sue		in Boston at the age of 56.
AMP		20 25	HSBC	1	After his takeover of Viacom – then a cable television company
AT&T Subma	enine	4		8	- he and Mr Biondi embarked on
Alcatel Subm			IBM	21	an amhitious series of acquisi-
Alenia		2		21	tions: the Paramount film studio,
Alfa		22	Jardina	3 4	the Blockbuster chain of video
Anglo Americ	an	25	KOD Submarine KKR	22	stores and the book publisher
Apple		20, 22	Kimb Clark de Mexico	22	Simon & Schuster, among others.
BMW		8	L'Oréal	21	With revenues of more than
Banesto		24	I WINK Y LOCATION NOT	21	\$11bn, Viacom is now the world's
Bankers Trust		22 22	The states of th	25 22	second higgest media empire
Bear Steams Benckiser		21		6	after Time Warner.
Bre-X Mineral	1	22		19	The reasons Mr Redstone gives
British Aeros		2	bl stat i Manager	22	for Mr Biondi's dismissal say a
Cable and WI		4	Nomura Securities	21	good deal about himself and the
Casa		2	Nynex Network	4	industry. "I have a lot of affec-
Chi Mei		4	Olivetti PaineWebber	22	tion for Frank, and what 1 did
Daewoo Elect	ronics	4	Pfizer	6	was very difficult," he said yes-
Daimler-Benz		1	Pohjola	3	terday. "But Frank would tell
Dasa		2	OVC	24	you his management style is very laid-hack and decentralised. In
Diamond Mut		22 22		22	the old Viacom that style
Eastman Koda Exxon	ak		SE-Banken	24	worked, and I was happy to sit on
Finance One			Sandoz	24	the sidelines. Now there are
Fokker		1	Sandstroms	8	issues coming up which have to
Forte		20, 19	Scania	4	be addressed."
GE Capital		4	Smithkine Beechain	24	Chief, it seems, is the poor per-
General Electr		22	Som Music	25	formance over the past year of
General Moto		8	Sprint	4	Paramount. After its big success
Générale des		24	Subyr Daumor r oon	8	in 1994 with the film Forrest
Glaxo Wellcor		6 25	The bound bound	25 25	Gump, it has reported sharply
Gold Fields S Goldman Sac			UKAC Viscom	21	lower earnings in 1995. Part of
Granada			Xerox	22	the problem. Mr Redstone said,
				_	was that too many of its films
Market S	latistic	-5			had been based on weak scripts. "I'd have preferred Frank to go
			TT CE Astronian indiant	36	out and fix the studio," he said.
Annual reports		32-33 30	FT-SE Actuaries indices Foraign exchange	31	"He didn't. So for the past three
Banchmark Govi Bond tutures and		30	Galls prices	30	or four months, I've been in Calif-
Bond prices and		30	London share service	32-33	ornia. I saw it developing early,
Commodities pri		29	Managed funds service	34-35	and] was on the case. I'd have
Dividends annou		26	Money markets	31 38	seen it sooner if I'd been CEO."
EMS currency ra	des	31	New inti bond issues New York share service	36-39	He has now taken on the post of
Eurobond prices		30 30	Recent insues, UK	36	chief executive officer himself.
Flored Interest inter		40	Short-term int rates	31	Mr Redstone's basic argument
FT Gold Mines		30	US interest rates	30	and and a second se
FT/ISMA Inti bon		30	World Stock Markets	37	David
	_	-	torday		Bond mar
Chief p	rice	chan	jes yesterday		
FRANKPURT	DNO		PARIS (FTr)	-	
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Porsche	799 +	71	Aleasel 431.2 - COP 1033 -	47	R. R. and R. Ing in Talan
Faile.	920 -	15	Gen das Ealas 522 -	29	By Gerard Baker in Tokyo
CKAG Col pr Hankel	920 - 562 -	8	Learned 829 -	13	N
NEW YORK (\$			TOKYO (Yes)		Nomura Securities is on course
Tipes		64	Yaroahli Motor 1020 +	45	for its best full-year performance
Calerpillar Savcheat	60 ≁ 60 ≁	64	Falle	230	since 1991. Japan's largest stock-
Silicon Grphs	26°a +	2%	Arabien Oli 4310 - Asoly Optical 503 -	230 ⁻ 30	broker yesterday posted sharply
Falle	300	3%	Delmafü İAÇ 742 -	33	higher profits in the three
Advo koc IMC Clobal	2019 - 341a -	35	thars Chem 778 -	48 32	months to the end of December,
LSI Logic	234 -	214	TeNan Corp 772 -	- 1	assisted by the strength of the
LONDON (Per	ce)		Rised		Japanese bond market.
Plines Br Aurospace	864% +	29%	Dah Hura Indi 6.7 +	0.75 0.45	Recurring profits before tax
Drichem	2584 +	194	OPLind 7.4 + Sinci and 7.55 +	0.45	and extraordinary items for the
Yorka Type TV	722 +	35	Falle		quarter were Y29.6bn (\$282m),
Palle Ang Graup	155 -	16	Dao Hang Bank 29.7 -	1.30 0.55	bringing nine-month pre-tax
GST Group	211 -	18	HN Telecom 14.55 - Voech Holgs 13.00 -	6.40	earnings to end-December to
Piston	725 -	33	BANCKOK (Baht)		Y61.3bn. Nomura shares in
TORONTO (CS Rises	•		Rised 510	45	Tokyo closed down Y30 at
Caldwoll	14% +	11	and this last 37.25 +	3.25	¥2,270.
Fel Dynasty	74 +	-10 34	Moderatorm GR 24.0 +	20	This is the first financial year
Notionerics Faille	14 7		Falls.	5.5	in which Nomura has published
Abelio Bizi	1476 -	3. 34	maxthe ins 78.5 -	8.5	quarterly statements, making
Silcorp Tea Comun Elec	13 - 13ha -	14	Universitate 46.5 -	4.5	direct comparison with the pre-
ICO INTITU CROP			< 2 90 ml		vious year difficult. In the year

to the end of March 1995. the

93 987 91 92

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Viacom?

politics."

career

America at 72. My record in busi-

ness is at least as good as his in

The time would come, he said,

when he would have to give way to a younger man. "But I hope not too soon. And I have at least

six people working here who can

run Viacom better than other

media companies are run today." Meanwhile, what lies ahead for Mr Biondi? Reports suggest his

compensation may be close to

\$50m. And in any case, Mr Red-

stons said: "Believe me, he won" have any trouble with his

He may be right. Another likely reason for Wall Street's

calm reaction to Mr Biondi's

departure is that abrupt dismiss

als are common in the US media

industry. Mr Biondi, 51, has been

fired before: in 1984, as chief

executive of Home Box Office.

the pay TV subsidiary of Time

Warner. In the gossip-filled world of media, the chief question is

Tony Jackson

where he will surface next.

is that in a world of expanding media empires - he cited Time Warner's takeover of Turner Broadcasting, and Disney's of Capital Cities/ABC - the entrepreneurial spirit is more important than ever.

Take, he said, Mr Rupert Murdoch - another media tycoon who has a controlling stake in

The time would come when he would have to give way to a younger man

his business. "If Murdoch sees a problem in China, he's on a plane that day to fix it. That wasn't Frank's style. I'm a born entreprepeur and in this environment the way 1 am is the way this company should be. It takes a very entrepreneurial, aggressive, hands-on styls to get things done." There is one obvious problem. At 72, Mr Redstone claims to be "more hard working and energised" than he was when he took over Viacom in his mid-60s. But he has now appointed as vicechairmen two men - Mr Philippe Dauman, 41, and Mr Tom Dooley. dstone's basic argument 39 - who are by a fair margin

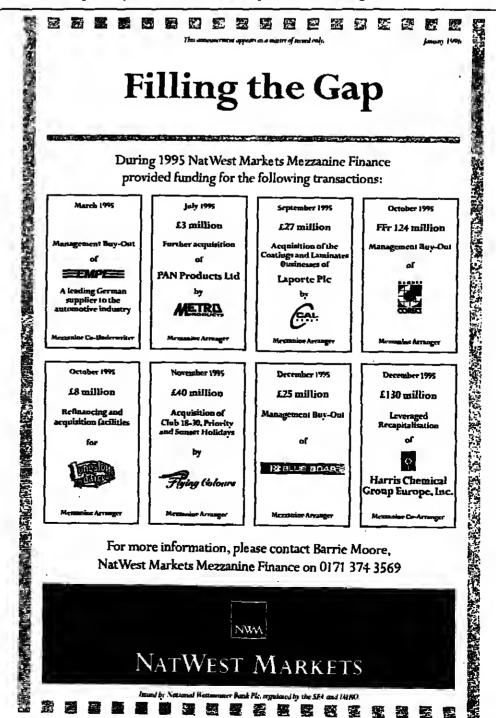
ing full-year revenues to a record high of \$71.9bn, up 12 per cent ~ 94 95 01-1 1 the hest rate of growth since 1984 IBM's share price rose 5 per cent to \$92 in midsession. young enough to be his children.

"Our quarterly and full-year Other businesses have been driven into the ground by septuaresults indicate that our fundagenarians who would not giva mental strategies are working," up. What are the prospects for said Mr Louis Gerstner, chairman and chief executive. IBM is Mr Redstone deflected the focused on "completely transforming" its traditional busiquestion with a joke: "Mr Dole [the US Republican presidential nesses to address the market for candidate] thinks he can run networked computer systems

ness in Latin America. In Europe sales rose 7 per cent to \$8.1bn, while North American sales were up 11 per cent at \$8.6bn.

he added.

Gross profit margin improved to 41.9 per cent in the fourth quarter, up from 41.3 per cent in the third quarter and 40.6 per cent in the final quarter of 1994.



ond market helps Nomura st sharp rise in third term nd Baker in Tokyo company reported a pre-tax markets. Stock brokerage com-

profit of just Y6.8bn. Operating revenue in the quarter was Y314.4hn, compared with X335hn for the year to March 1995.

vesterday posted sharply profits in the three The company made a net gain on bond trading in the nine to the end of December. months of Y58.2bn, against a full-year gain of ¥25.6bn the year before. The Japanese bond market has been buoyant since by the strength of the ring profits before tax aordinary items for the the spring, following aggressive cuts in interest rates by the were Y29.6bn (\$282m), g nine-month pre-tax Bank of Japan, Looser monetary s to end-December to policy has enabled banks and Nomura shares in brokers to record large gains on bond trading. But with interest closed down Y30 at rates at record lows the scope for s the first financial year further advances in the bond h Nomura has published market is diminished.

missions rose an estimated 10 per cent to Y75.7bn for the nine months, on increasing turnover on the Tokyo stock exchange. Bond brokerage commissions were 87 per cent higher at Y24.8bn, owing to active trading in convertible bonds. Bnt underwriting remained

stagnant. Nomura underwrote a total of 88m shares in the three quarters to the end of 1995, with a value of Y245bn, down an estimated 16 per cent on a year earlier. The total value of bonds underwritten was ¥2,090bn, 10 per cent lower as a result of stiffer competition from the new broking subsidiaries of the leading banks.

Nomura's core business, brokerage commission, registered a Net interest and dividend slight improvement as activity picked up in equity and bond income rose 47 per cent to ¥46.3bn

INTERNATIONAL COMPANIES AND FINANCE

AMERICAS NEWS DIGEST

22

PaineWebber takes \$30m provision

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in 1995.

drop sharply

As expected, Apple reported

a loss of \$69m for its first fiscal

quarter ended December 29.

The company added, however, that it expected continuing

losses from operations in the

current quarter, in addition to

following

losses

By Louise Kehoe

in San Francisco

\$34.

least" \$125m.

model

ability.

share.

demand. Lex, Page 20

PaineWebber, the US securities house, has taken an additional \$30m pre-tax charge to cover costs related to a settlement with the Securities and Exchange Commission over the sale of limited partnerships in the 1980s and early 1990s. The resolution of the dispute with the SEC included a \$5m civil penalty and a class action settlement of \$125m.

In the second quarter of 1995, PaineWebber provided \$200m to reimburse investors who lost money on the partnerships. The group said the extra charge, announced with fourth-quarter earnings, would "accomplish a timely resolution of these complex issues and put this matter behind the firm*.

Including the charge of \$20.1m after tax, PaineWebber reported fourth-quarter earnings up from \$19.3m to \$58.8m and fully-diluted earnings per share ahead from 28 cents to 50 cents. Excluding the charges for the year, net income rose from \$102m to \$227m, or from \$1.27 to \$1.90 on a fully-diluted per share basis. The charges reduced net income to \$80.8m, compared with \$31.6m in 1994. The group acquired Kidder Peabody from General Electric at the end of 1994, issuing 27m shares as part of the consideration.

Bear Stearns, the investment bank, reported a rise in second-quarter net income for the three months to December 31 from \$32.9m to \$105m. Earnings per share increased from 21 cents to 76 cents. Revenues, net of interest, climbed 61 per cent to \$688m in the quarter, including a doubling of investment banking revenues reflecting mergers and acquisitions and underwriting activity. Maggie Urry, New York

Kimberly-Clark arm advances

Kimberly Clark de México, the country's largest paper producer, reported an 8 per cent increase in operating profit to 1.9bn pesos (\$253m) for 1995, despite recession and rises last year in the international price of paper pulp. Year-end sales of 6.9bn pesos represented a 17 per cent increase on 1994 in real peso terms.

The company is listed independently of the Kimberly-Clark of the US, which owns 43 per cent of its shares.

An increase in pulp prices and the peso's fall against the dollar meant operating margins were below tha previous two years. However, the company increased prices over the rate of inflation, and was helped by a move away from imported goods, whose price bas increased even more following the peso's fall. Daniel Dombey, Mexico City

Alfa doubles investment

Alfa, the Mexican steel, petrochemicals and food conglomerate, yesterday announced it was doubling its investment outlays to \$832m in 1996 in order to develop its new telecommunications joint venture with AT&T of the US. Alfa said half of its capital expenditure was earmarked for Alestra, the new venture which plans to offer long-distance services when the market is deregulated in January 1997. The remaining \$400m would be invested to expand capacity in Alfa's existing industrial concerns, Mr González Migoya said. Mr Migoya said much of Alfa's capital outlays were geared towards expanding exports, which totalled \$1.2bn in 1995 and represented more than one-third of the group's estimated sales of 21.8bn pesos (\$2.9bn).

Alfa's investment plans are an encouraging indication of the ability of Mexico's large conglomerates to lead an export-led economic revival. However, many private sector economists remain worried about the continued weakness of Mexico's banking sector and the high cost of credit, which is expected to delay any chances of recovery for most of Mexico's small and medium-sized businesses.

Leslie Crawford, Mexico City

Diamond Multimedia shares hit

Shares in Diamond Multimedia, the US maker of graphic-enhancing computer equipment, fell 37 per cent in

Kodak considers sale of copier business

By Maggie Uny in New York timetable for the decision on Eastman Kodak, the photothe subsidiary's future but the graphic and digital imaging problem had management's "highest priority". Kodak group, is considering the sale of its loss-making office copier shares fell in morning trading business. The group, which also reported a fall in fourth by \$1% to \$67%.

Mr Harry Kavetas, chief quarter earnings from continufinancial officer, said an outing operations, said it had right sale of the office imaging decided to reposition the husibusiness, or a partial sale to a ness, which had sales of \$2bn joint venture partner, would

free management and financial resources within Kodak which It added that it was looking at "a variety of strategic could be concentrated on its options" including alliances, core activities. He declined to joint ventures or a sale.

Kodak said it had set no business might be worth or its led to a \$254m after tax value in Kodak's books. He thought it was an "attractive property to a number of potential outside parties".

Since Mr George Fisher arrived as chief executive in December 1993, Kodak has been shaken up. Its drugs business was sold, raising \$8bn, which was largely used to repay debt. Two waves of lay-offs led to about 11,000 job losses with a

Travelers, a rival, for \$4bn

The deals signal a reshuffl-

ing of ownership in the US

property/casualty industry.

further 2,000 to go, although acquisitions have also added comment on bow much the staff. The second round of cuts

restructuring charge in the last quarter of 1994.

Earnings from continuing operations in the fourth quarter, excluding the restructuring charge in 1994, fell 16 per cent from \$470m to \$394m, weighed down by losses at the office imaging division and by a goodwill write-off of \$50m, or 15 cents a share, mainly at its medical imaging business. The fall was in spite of strong performances in the motion picture and television imaging for the year. areas.

On the consumer side, sales in the US were affected by the weak retail climate in the last quarter of 1995. Sales growth in

that area was held to 1 per cent, although outside the US consumer sales rose 10 per cent. Group net earnings after all charges were up from \$18m to \$275m in the fourth quarter and from \$557m to \$1.25hn for the year. Fully diluted earnings per share were ahead from 4 cents to 78 cents in the fourth quarter and from \$1.63 to \$3.58

at Bankers Trust By Richard Waters In New York Doubts about Bankers Trust's ability to maintain its dividend at current levels resurfaced on Wali Street yesterday as the tronbled US bank reported disappointing results for the final quarter of 1995. Earnings per share for the period were \$1.36, well below

Dividend

concerns

resurface

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Apple shares | Xerox to take \$1.5bn disposal charge market expectations of around \$1.70, despite a big one-off equity gain. Its shares fell \$1³⁴, or nearly 3 per cent, dur-ing morning trading, to \$65³⁴. The latest set of figures reflected a slide back into loss by Bankers Trust's derivatives operations, the original source of its difficultles in 1994. The bank continues to face lawsuits from Procter & Gamble,

among others, over leveraged derivatives it had sold. The derivatives business, which had struggled back to break-oven level in the previous quarter, after two periods of losses, incurred a \$32m deficit in the final three months of the year. The loss came in spite of heavy cost-cutting during the year, raising the prospect of a further round of

The closing months of 1995 produced a stream of bad publicity for Bankers Trust's derivatives business, sparked by renewed accusations from Procter & Gamble.

While overshadowed by the problems in derivetives, the latest figures also reflect difficulties in the bank's investment management operations. Its income from client advisory businesses - largely investment management - fell by more than half from a year before, to \$13m, partly because of higher costs. The bank appointed a new management team late last year to run this hushess,

A review had also thrown up "a small number" of investment management accounts where trades were "not conducted in accordance with [the bank's) standards", Bankers Trust revealed. Though only resulting in expenses of \$6m to compensate clients, the revelation will further dent the

bank's reputation. Other, operations generated more steady earnings. The high level of activity in credit

Jack Welch: made 'aggressive moves to ensure future growth'

charge, rose from 99 cents to tinuing operations rose from \$3.46 to \$3.90. The slightly fas-Net income for 1995 was ter rise in earnings per share

a number of specialist insurtwo years ago, Xerox bas ance operations, at below book sold a number of other value. This will result in an operations.

Yesterday, Mr Paul Allaire, after-tax loss on the sale of chairman, said the sale would enable the company to cut its debt and focus on its document processing business. The disposal follows a threeyear effort by Xerox to clean

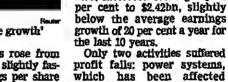
up the insurance business for sale This involved the boosting its reserves and reinsurance in

the face of beavy environmental exposures. Xerox entered the insurance business with the purchase of Crum & Foster, then the tenth

in issue from 1.71bn to 1.67bn. The group has authority to buy a further \$6bn worth of shares by the end of 1997.

double-digit gains, Operating margins for the year were ahead from 13.6 per cent to 14.4 per cent of

GE Capital, the largest divi-sion, increased earnings by 16 per cent to \$2.42bn, slightly



launcher.

\$416m

\$596.9m.

tbe

in 1994.

Ten of the group's 12 divisions increased operating prof-

below the average earnings growth of 20 per cent a year for

its from \$66m to \$30m because

of increased spending on devel-

opment of the Delta III

For the full year, McDonnell

Douglas increased net earnings from \$598m to \$707m, but the

accounting change turned the

latest figure into a loss of

■ Raytheon, the Massachu-setts-based defence company,

yesterday reported fourth-quar-

ter net earnings of \$222.3m,

compared with \$205.7m last

time. For the full year it had

The company said its full-

net income of \$792.5m, up from

to leave the insurance industry

GE upbeat after record result for year

Revenues increased 17 per cent in the year from \$60.1bn to \$70bn. The growth was fuelled by the group's international activitles, which accounted for 36 per cent of total sales, up from 33 per cent

with six reporting

sales.

by about 8 per cent. The cuts are smaller than most analysts had expected, However, Apple results in 1996° said additional restructuring actions and charges were "possible" in the current quarter and in future quarters. Mr Michael Spindler, Apple

chief executive, said the job cuts represented the "initial phase" of a plan to "fundamentally change our business Apple planned to pare its product line and focus increas-

by the plastics business. ingly on "best of class" prod-ucts in all parts of the market For the fourth quarter, net income from continuing operations rose from \$1.69bn to \$1.86bn, on revenues 11 per

The fourth quarter of 1994 bore a \$917m charge related to

restructuring charges of "at General Electric, the largest US company, reported record The company said it would cut 1,300 jobs over the next 12 months, reducing its workforce results for 1995, with earnings per share abead by 13 per cent. Mr Jack Welch, chairman, said

By Maggie Uny

the group was in a position "to deliver another year of record Mr Welch said; "GE's businesses made aggressive moves during the year to ensure future growth." These include the alliances with Microsoft,

the computer software group, announced in December, and the pre-emptive bid by NBC to televise five of the next six Olympics; acquisitions by GE Capital; and heavy investment

and would pursue a "much broader licensing of the Macin-tosb operating system [softcent higher at \$19.8bn.

ware]", Mr Spindler said.

Apple is expected to concenthe sale of Kidder Peabody, the

vices industry. Apple Computer shares dropped sharply yesterday as Wall Street analysts downgraded the stock in the wake of the US personal computer company's first fiscal quarter Kohlberg Kravis Roberts, the US buy-out firm, for \$2.7bn. losses, reported after the close of trading on Wednesday.

The disposal comes only Apple was trading at \$30% weeks after Aetna, one of the in mid-session, down 10 per cent from Wednesday'a close of biggest US insurers, sold its property/casualty business to

By Richard Waters

in New York

its insurance business, bringing to an end a costly, 13-year foray into the financial ser-The company announced an agreement to sell its property/ casualty insurance operations to a group of investors led by

Xerox, the US office documents

company, yesterday said it would record an after tax prompted by recent beavy catastrophe and environmental charge of \$1.5bn on the sale of

losses and the prospect of lackhistre premium growth. Cigna, another big US insurer, bopes to win regulatory approval shortly to

spin off its environmental liabilities into a separate, \$5bn company, in the face of complaints from rival insurers and a number of atate

insurance commissioners. Xeror's departure from the insurance business will involve its selling Talegen, a subsid-

\$975m, the company said. Xerox will also continue to provide excess-of-loss reinsurance to Talegen, under which it will meet losses above a certain level. This, and an addition to the insurer's reserves, will cost \$525m after tax.

ments. They will also assume \$360m of debt.

iary whose business consists of

The new investors, led by KKR, will pay Xerox \$1.45bn in cash, together with \$450m in preference shares and \$462m of performance-related instru-

largest US property and liabil-Since announcing its plans ity insurance company, in 1963.

early trading amid concerns about falling margins and uncertainty about \$3.7m in misplaced or stolen inventory. After the market closed on Wednesday, Diamond announced a it had made \$13.1m. or 40 cents a share, in the fourth quarter, excluding a one-off charge for the acquisition of SPEA Software, a German competitor. Analysis had forecast

earnings closer to 44 cents a share. Most attributed to stock drop to worries about falling margins and uncertainty related to the inventory loss. The shares were \$9% lower at \$13% at midday.

Lisa Bransten, New York

NatWest's US unit climbs 44%

NatWest Bancorp, the US subsidiary of the UK's National Westminster Bank, lifted Its after-tax profits by 44 per cent in the closing months of last year, in what could be the last full quarter before the business is sold. The jump in net income, to \$170m, in part reflected the acquisition of two New Jersey banks, Citizens First Bancorp and Central Jersey Bancorp. Net interest income for the quarter remained roughly level with a year before, while non-interest income more than doubled, to \$192m. Pre-tax income doubled to \$170m.

For the full year, NatWest Bancorp reported after-tax profits of \$306m, up only marginally from \$299m in 1994 because of a higher tax charge. Pre-tax profits for the year rose 55 per cent to \$507m. NatWest agreed late last year to sell tha business to Fleet Financial. Richard Waters, New York

Drilling result boosts Bre-X

Drilling results from a gold property on the Indonesian island of Kalimantan have propelled Bre-X Minerals shares from C\$1.90 to C\$34 in less than a year, giving the small exploration company a market capitalisation of C\$1.8bn (US\$1.3bn). Bre-X on Monday reported results from the latest five drill holes on the south-east zone of its large Busang, Kalimantan, property. Grades range from 0.04oz to 0.15oz a tonne. Robert Gibbens, Montrea

Standard & Chartered

Base Rate

On and after

19th January 1996

Standard Chartered

Bank's Base Rate for

trate on high-end personal computers, which carry higher profit margins. per share, excluding the Kidder Earnings per share from con-

Analysts were disappointed that Apple did not announce more drastic measures to cut costs. Mr Spindler delivered an "anaemic" restructuring mes-sage, said Mr Daniel Kunstler

of J. P. Morgan Securities, which downgraded the stock By Richard Tomkins in New York yesterday. Analysts predicted

Appla might ultimately have to Doubts were raised over the cut as many as 4,000 jobs as it future of McDonnell Douglas's wide-bodied MD-11 airliner yesstruggles to return to profitterday after the US defence Apple's fiscal first-quarter and aerospace company recogloss compares with net income nised a shortfall in demand for of \$188m, or \$1.55 a share, in the aircraft by taking a \$1.8bn the same period a year ago. charge to fourth-quarter prof-Revenue for the quarter rose 11 per cent from \$2.83bn to \$3.1bn,

The charge stems from the fact that the costs of developwhile unit shipments of its ing and manufacturing the computers grew 12 per cent. World PC ahipments, how-ever, are estimated to have MD-11 may have to be spread over a smaller number of airincreased by about 25 per cent craft than the company had expected. Until now, McDonnell Doug in the Christmas quarter, sug-gesting that Apple lost market

las had followed standard The company said its gross profit margin as a percentage of sales plunged from almost 29 industry practice of basing the cost of sales for each MD-11 delivery on an average cost per per cent a year ago to 15 per cent, in part because of a fierce aircraft for the expected life of the entire MD-11 programme. price war in Japan. Apple also Yesterday, however, it said disappointing demand had forced it to change to a new mathod of accounting. From the beginning of the fourth quarter, it said, it had started said it had to write down \$80m in inventory in the quarter because of overestimated

to base the cost of sales of each delivery on the actual cost of producing each aircraft. In accounting terms, this means the company has switched from a programme basis of accounting to a spe-cific unit basis. As a result, it had to take a \$1.8bn pre-tax charge for deferred production

costs and for the reduction in the valuation of support and tooling costs. Mr James Palmer, chief financial officer, strongly denied McDonnell Dougias was preparing to axe the MD-11. "Wa have not made any decision to shnt down that pro-

gramme. We will pursue every opportunity with full vim and vigour just as aggressively as we have in the past, * be said. However, Mr Peter Aseritis, and with at CS First Posten analyst at CS First Boston, said he believed McDonnell Douglas might be considering a new future for the MD-11 as a freighter. "I don't think there is any

doubt that the MD-11 is not going to sell well as a commer-

the sale of Kidder Peabody, the \$6.57bn, up from \$5.92bn before reflected the repurchase of by severe competition on securities business. Earnings the Kidder charge of \$1.19bn. \$3.1bn shares in the year, international projects, and reducing the number of shares motors.

markets bolstered income in the bank's financing group, while profits from trading climbed to \$129m, the highest quarterly level in two years. This was before charges of \$51m, which reflected settleand electronic systems division ment of some of the outstandsaw a decline in operating profing derivatives actions.

The quarter's results were boosted by a \$148m gain from a bolding in Northwest Air-lines. This was recognised as the bank shifted the holding into the "beld-for-sale" category, signalling plans to dis-pose of the shares.

Mr Frank Newman, the bank'a new chief executive and, from April, its chairman, moved to ease fears about the dividend a month ago, when he assured it would not be cut in the current quarter. Until the bank starts to generate more steady profits, though, the doubts seem likely to persist.

Bankers Trust reported net income of \$126m, or \$1.36 a share, for the final quarter of 1995. This was 25 per cent higher than the troubled fourth quarter of 1994, but below the \$155m of 1995's third quarter. Full-year net income slipped to \$215m, or \$2.02 a share, compared with \$615m, or \$7.17, in 1994.

year results were drivan by strong performances at Ray-theon Aircraft, Raytheon Englneers & Constructors, and commercial electronics, as well as a significant contribution from recently-aconired E-Systems. Defence sales and profits were down, but Ray-theon said the falls were not as great as in previous years.

With effect from the close of business on **Thursday 18th January 1996** and until further notice, **TSB** Base **Rate is decreased** from 6.5% p.a. to 6.25% p.a.

> All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly.



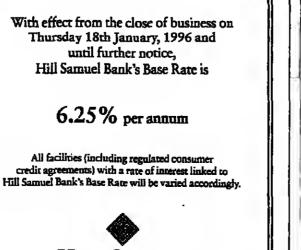
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lending is being decreased from 6.50% to 6.25%

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ANZ Grindlays Bank plc announces that its base rate has changed from 6.50%pa to 6.25%pa with effect from close of business 18th January 1996.

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McDonnell Douglas project in doubt

cial airliner," Mr Aseritis said. "But as a freighter, it is

already Federal Express's

freighter of choice, and I think

people are going to say that if

it is FedEx's freighter of

choice, then maybe it should be the freighter of choice for other operators."

The accounting change for

the MD-11 came as McDonnell

Douglas reported better than

expectad fourth quarter results, bnoyed by a strong

performance from the military

aircraft division. Net earnings

would have been up from \$165m to \$187m, but the accounting change turned the

profit into a net loss of \$936m.

F-15 and F/A-18 programme

helped lift operating profits in the military aircraft division

from \$207m to \$253m. The com-

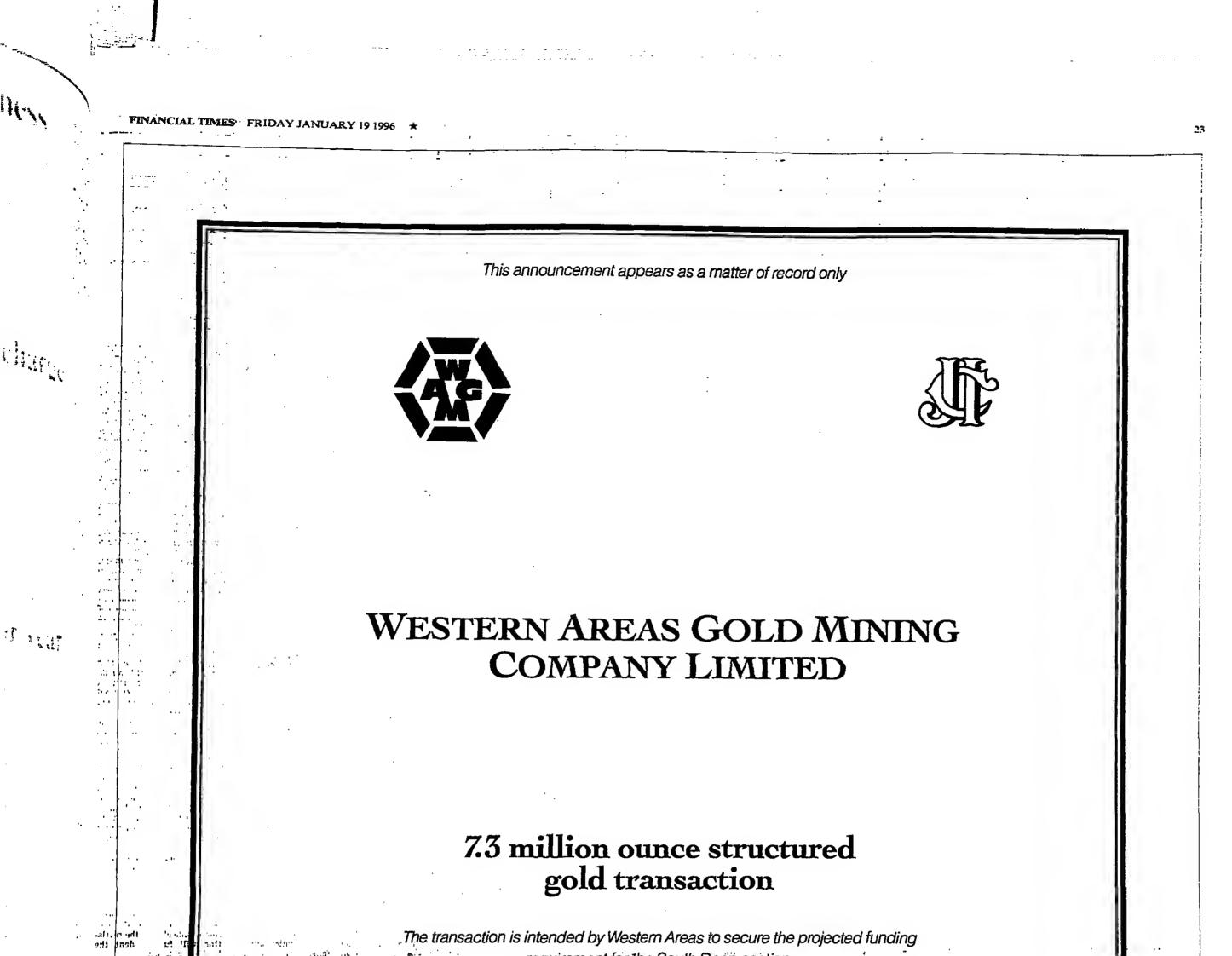
mercial aircraft division

increased operating profits from \$12m to \$13m, delivering three MD-80s, four MD-90s and

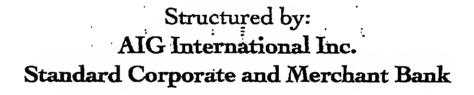
five MD-11s, compared with six

MD-80s and four MD-11s last time. But the missiles, space

A boost to revenues from the



requirement for the South Deep section.



Facility Provided by: Standard Corporate and Merchant Bank

Risk Principals: Standard Corporate and Merchant Bank AIG International Inc.



Standard Corporate and Merchant Bank (A division of The Standard Bank of South Africa Limited)

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South Africa Limited) (Registration number 62/00738/06)



INTERNATIONAL COMPANIES AND FINANCE

EUROPEAN NEWS DIGEST

24

Sandoz optimistic despite sales slip

Sandoz, the Swiss drugs company which began a divestment programme last year, saw sales for 1995 fail to SFr15.2bn (\$12.86bn), against SFr15.87bn the previous year. But the company said a better operating performance meant it expected a "marked increase" in 1995 net profits. It added that sales were 14 per cent higher than in 1994, if measured in local currencies. Sandoz shares rose SFr41 al SFr1,048.

Roche, the higgest Swiss drugs company, said on Wednesday its 1995 sales grew by 11 per cent in local currencies, but with virtually no change when measured in Swiss francs. Sandoz spun off some of its chemicals operations in July last year. Excluding businesses sold, sales rose 4 per ceot.

Pharmaceutical division sales rose by 8 per cent in local currencies to SFr7.1hn from SFr7.2bn. Two drugs, Sandimmun and its new variant Neoral, used in transplants and for rheumatoid arthritis and psoriasis, posted 10 per cent local currency sales gains. Annual sales of its recently-launched Lescol lipid-lowering agent reached SFr245m. Sandoz upset the lipld-lowering drug market in the US by launching Lescol at half the price of competitors made by Merck and Bristol-Myers Squihb. Nutrition division sales rose 42 per cent to SFr3.7bn, largely because of the 1994 acquisition of US foods company Gerber. Excluding Gerber, the rise in outritional division sales was 7 per cent. Daniel Green

Cost cuts 'halve Snecma loss'

Snecma, the French state-owned aero-engine maker, said yesterday that cost-cuts and redundancies had helped it nearly halve its 1995 net loss to about FF1.1-FF1 2bn (\$220m-\$240m), from FFr2.2bn the previous year. Turnover fell from FF10.4bn to FFr8.7bn. Mr Bernard Dufour, chairman and chief executive, predicted sales this year would rise slightly to FFr9bn, helped by new products such as the M88 engine for France's Rafale fighter and medium and lower thrust engines developed with Snecma's long-time partner, Gener. I Electric of the US.

But Mr Dufour attacked the "unprecedented" price competition among the world's leading zero-engine compani He added that with its accumulated losses punching "a hole in our finances", Snecma could not match some of the price rebates other companies were offering. He also indicated the Freech company might have to let GE develop oo its own more powerful versions of the GE-90 engine, in which Snecma has a 25 per cent stake, in order to compete with Pratt & Whitney and Rolls-Royce to equip Boeing's 777 carrier, David Buchan, Paris

SE-Banken draws more criticism

Sweden's financial supervisory authority yesterday added its voice to criticism of Skandinaviska Enskilda Banken for the unexpected credit losses the bank suffered last year and called on the bank to demonstrate that its control of exposures was working. The move hy Finansinspektiooen followed the imposition on Tuesday of a SKr2m (\$300,000) fine on SE-Banken by the Stockholm Stock Exchange for breaking its listing agreement by its handling of information about the losses

Credit losses linked to the failed financial investment group Luxonen - largely caused by losses on volatile currency swap contracts - forced SE-Banken to make unheralded provisions of SKr2.9hu last year on top of SKr1hn in provisions taken against the Luxonen exposure in 1994. Finansinspektionen said it had found "insufficiencies in the bank's organisation, routines and handling of the credit exposures concerned". It acknowledged that SE-Banken, the main financial arm of the Wallenberg industrial empire, had admitted these shortcomings and taken steps to improve credit controls.

The result was close to marties. Operating profits from chemicals soared 171 per cent investors. The amount was ket expectations. Per-share in the first 12 months after the The bank insists its control systems were thoroughly operations, meanwhile, prooverhauled following the general Swedish banking crisis in duced profits 11 per cent up at issue. The final price is due to raised to 11 per cent at a cahiearnings rose from Pta322.68 to current legislation, tele-shopthe early 1990s - after the exposure to Luxonen had been Pta392.38. to Pta62.86bn, in spite of tight Pta19bn. This partly reflected be set on February 5. net meeting a week ago. ping broadcasts are restricted taken on. It says these new systems were reviewed after the to one hour per day. ore fiz Générale des Eaux sees FFr3bn loss из wen, е the Bavarian broadcasting that no repeat of the losses is likely. But Finansinspektionen Générale des Eaux anthorities to allow HOT, a called on the SE-Banken board to submit a "comprehensive report" to the authority detailing the measures it had taken, or planned to take in light of the stock exchange criticism. Share price relative to the CAC 40 joint venture founded hy Queile, Germany's largest 105 Hugh Carnegy, Stockholm Thyssen Industrie, the engineering and defence division of designated heir to Mr Guy Dejouany, who is retiring this now becomes a shareholder in FFr105 a share, which is 15 per mail-ordering service, and Pro By David Buchan in Paris 100 M Générale des Eaux. cent above the current price 7, the Munich-based indepen-The group said its other parthe Thyssen group, saw net profits for the year ended Générale des Eaux, the French summer, had said the 1995 loss and 19 per cent above the averdent commercial television September 30 rise 18 per cent from DM88m to DM104m (\$71m), might be "some hundreds of millions of francs", adding, though, that it could go higher ticular problem was a loss of FFr500m last year from the age for the past three months. Several Générale des Eaux 95 construction and utilities network, to broadcast bas group, yesterday warned of higher than expected net losses but it suffered "massive losses" at its Blohm & Voss shipbuilding operations. New orders at the Hamburg shipyard increased the pressure to V M operations of its second biggest shareholders complained yes-90 · amend the law. collapsed following the rise of the D-Mark against the dollar of FFr3bn-FFr3.5bn (\$700m) for depending on the number of constructioo subsidiary, CBC. terday about the group's prop-**Retailing** analysts believe The loss was caused by overand other European currencies. Mr Eckhard Rohkamm, chief 1995, because disposals were big asset sales. erty ventures, applauding one 85 that over the next five years, executive, said the outlook for this year was "generally Générala des Eaux sold expansion in Germany, and in not proceeding fast enough to of their number who comtele-shopping in Europe could FFr5bn of assets last year, but its only big sale was of its US particular to difficulties in 80 · positive". Turnover in the first quarter of 1995-96 rose 1 per offset problems in property and plained to the management generate turnover of DM1bn that "every time you stray [from] your original business, completing the Friedrichstadt Passagen building in Berlin. cent to DM1.8bn. Michael Lindemann, Bonn construction. wblle the German market Esselte, the Swedish office products group, yesterday The group, which recorded a bottled water operation to Suncould be bringing in about Aug 1995 96 reported a 43 per cent jump in 1995 profits from SKr413m to net profit of FFr3.3bn in 1995, At the end of a day on which you blunder". The FFr7bn tory of Japan for \$290m. DM500m over the same period. Générale des Eaux's shares feil Source: FT Extel SKr592m (\$88.8m), well ahead of its forecast. Mr Bo Lundquist, signalled last autumn that it The group yesterday conproperty losses and provisions Last year, turnover from the on the Paris bourse, the group announced a FFr130m bid for chief executive, said the group had benefited from tough streamlining in the US. But he said Esselte had been hit by the firmed its 1995 property losses and provisions of FF17bn at a would fall in to the red for the were on income last year of North-Rhine Westphalia's year - its first loss - by announcing real estate losses FFr8.1bn from a net property stock of FFr14bn. It hoped to limit this year's property losses to FFr1bn and media, multimedia and adverstrengthening of the krona towards the end of 1995 - which shareholders meeting called to the 36 per cent of CBC shares tising industry was DM61bn that it does not already own, in lopped SKr10m off profits - and by sharp increases in raw and provisions of about approve the group's absorption was optimistic about its gen-But the group forecast a The sector employs more than 126,000 people, placing it in third place behind the chemimaterial prices. The company saw sales rise an underlying 4 per ceot to SKr12.1hn. Christopher Brown-Humes, Stockholm FFr7bn. But Mr Jean-Marie Messier, of the Georges V real estate company, part of Mr Bernard Arnault's LVMH group, which "clear rebound" this year, to bring profits back in line with the FFr3.2-FFr3.3bn of 1993-94. order to assist restructuring of eral ntilities activities, particuthe construction company. It is offering minority shareholders larly in water treatment and the group's number two and mobile telephones. cal and textile industries. This notice does not constitute an offer or invitation to any person to subscribe for or to purchase any Units or IDRs and appears as a matter of record only.
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 Provide and the second se Postipankki Ltd 14 Post Partial Par A\$92,000,000 The Taipei Fund US \$50,000,000 (a contractual securities investment trust fund established under the laws of the Republic of China) Subordinated Floating Rate Notes Due 2000 For the interest period 18th January, 1996 to 18th July, 1996 the Notes will carry an interest rate of 5.91094% per annum with an interest amount of US \$149.42 per US \$5,000 Note, payable on 18th July, 1996. Managed by National Investment Trust Company Limited State Bank of New South Wales Limited Bankers Trust Medium Term Notes due July 17, 1997 **Third Tranche Issue** Company, London Agent Bank Pursuant to an agreement between National Investment Trust Company Limited as Series No: 2 Manager and Morgan Guaranty Trust Company of New York as Depositary dated 15 Guaranteed by September, 1995 the terms and conditions governing the International Depositary The Government of the State of New South Wales Receipts ("IDRs") which evidence the entitlement of the holder thereof to Units in Notice is hereby given that for the Interest Period from January 19, Wells Fargo & Company Capital One Master Trust The Taipei Fund (the "Fund") have been amended. 1996 to July 19, 1996 (182 days) the Notes will carry an Interest Rate of 7.24784% per annum. The interest payable on the relevant interest payment date, July 19, 1996 will be A\$366.42 per A\$10,000 Note, A\$1,832.09 per A\$50,000 Note and A\$16,320.93 US\$100,000,000 The amendments were made in accordance with the terms and conditions of the IDRs to U.S. \$300,000,000 Floating rate subordinated facilitate the issue of a Third Tranche of Units in the Fund, which are evideoced by C IDRs. Floating Rate Class A Certificates, Series 1995-2 notes due July 1997 The amendments are already in effect. per A\$500,000 Note. The notes will bear interest at For the interest period 16th Jan-uary, 1996 to 15th Pebruary, 1996 the Certificates will carry an interest 5.8125% per annum for the interest period 19 January 1996 By: The Chase Manhattan Bank, N.A. The Manager has submitted an application to list the Third Tranche Units evidenced CHASE Ω hy C IDRs on the London Stock Exchange and listing has been granted, effective London, Agent Bank the Certificates with carry an interest rate of 5.735% per annum with an amount of U.S. \$47.79 payable per U.S. \$10,000 denomination and U.S. \$477.92 per U.S. \$100,000 denomination navable on 15th to 19 April 1996. January 19, 1996 14 December, 1995. Interest payable on 19 April 1996 will amount to US\$146,93 per US\$10,000 note and Redemption of Units and IDRs denomination, payable on 15th February, 1996. US\$734.64 per US\$50,000 note. The Units sod IDRs, including the B IDRs and C IDRs, in the Fund currently in issue were Agent: Morgan Guaranty Trust Company issued subject to a restriction that they may not be redeemed until one year, or such carlier Union Beats of Switzerland London Branch Agent Bank period as may be allowed by the relevant authorities of the Republic of China ("ROC"), **JPMorgan** 12th January, 1996 from the relevant date of issue. U.S. \$100,000,000 Such one-year period has already expired in respect of the Units, IDRs and B IDRs issued Lonrho Finance Public Limited Company in the First and Secood Tranches of the Fund, which may be redeemed at any time, subject Notes an determined for every left-how is each invertify-four lacu particl. Proper to it posted by regeneral-tools, manufact to loss during hypotes. To convert prices in particle loss during hypotes. To convert prices in particle by discussions of the excision total sticked to during one place to the loss, op ClieBMANT becomes 1.280pxNeh, Providen for the commission of poor prices and proven the commission of poor prices and poor to the Product and Socialization for particle to be pool of many hypot particle stickes frice on the based of all displays, particle without the mark in exclanation of counting type to the other terms and conditions of such securities. Bank of Greece **APPOINTMENTS** Floating Rate Notes due 1997 With effect from 5 January, 1996, the ROC authorities have removed the one-year lock-up ECU 200,000,000 Unconditionally and Irrevocably guaranteed by period oo redemptioo referred to above and, accordingly, the Units and CIDRs issued in Floating Rate Notes Due 1997 ADVERTISING Floating Kate Nones Due 1997 In accordance with the provisions of the Notes, notice is hareby given that the Rate of Interest for the three month period ending 18th April, 1996, has been fixed at 5.75% per annum. The interest accruing for such three month period will be ECU 145.35 per ECU 100,000 and ECU 1.453.47 per ECU 100,000 Bearer Note, on 18th April, 1996, against presentation of Coupon No. 16. Lonrho Public Limited Company the Third Tranche of the Fund may be redeemed at any time, subject to the other terms and conditions of such securities. Units and C IDRs issued and to be issued will therefore rank appears in the UK edition andre services of conscient to a highly conscient or conscient delived to review or conscient matters) with final peop Notice is hereby given that for the three months interest period from January 19, 1996 to April 19, 1996 the Notes will carry an interest II a highly complex proteins the analysis of onlysis of object to weaken at convection just an analysis may obtained and the seal price are advertised obtained by beauty-base case, where the day of many accordingly, can to the possibility of base means and our convection, or making along a prime and a france price of the seal of the bary of the seal of the seal of the seal of the bary of the seal of the seal of the seal of the bary of the seal of the seal of the seal of the bary of the seal of the seal of the seal of the bary of the seal of the seal of the seal of the bary of the seal of the seal of the seal of the seal of the Post resting in seal of the seal of the seal of the formation of main protein of the seal of the seal of the Post of the seal of the seal of the seal of the formation of the seal of the seal of the seal of the Post of the seal of the Post of the seal of the seal of the seal of the seal of the Post of the seal of the seal of the seal of the seal of the Post of the seal of the seal of the seal of the seal of the Post of the seal of the seal of the seal of the seal of the Post of the seal of the Post of the seal of the seal of the seal of the seal of the Post of the seal of the seal of the seal of the seal of the Post of the seal of the post of the seal of the post of the seal of the post of the seal of th pari passu in all respects with the Units, IDRs and B IDRs already in issue. very Wednesday & Thursday rate of 6.80859% per annum. The Interest payabla on the relevant interest payment date, April 19, 1996 will be U.S. \$172.11 and U.S. \$1.721.06 respectively for Notes in denominations of U.S. \$10,000 and U.S. \$100,000. and in the International Copies of the documents amending the terms and conditions of the IDRs are available for edition every Friday. For inspection through Morgan Guaranty Trust Company of New York, Avenue des Arts 35, 1040 Brussels, Belgium. Further information may also be obtained by contacting National further information please Investment Trust Company Limited directly. By: The Chase Manhattan Bank, N.A. contact CHASE tions willing to section with inter-terns (11% D45 \$790 July on \$20 Π London, Agent Bank Union Bank of Switzerland London Branch Agent Bank Will Thomas 19 January, 1996 January 19, 1996 +44 0171 873 3779 16th January, 1996

Olivetti says revamp costs higher than forecast

By John Simkins in Milan yesterday in a very strong and Michael Morgan in London Milan stock market, over the previous four trading sessions Only a month after Olivetti's

expected.

By David White

Banco Español de Crédito

(Banesto), the Spanish bank which underwent a Pta500hn

(\$4bn) rescue two years ago, yesterday reported a return to

By David White in Madrid

Repsol, the Spanish oil, gas

and chemicals group in which

the Spanish government is sell-

ing more than half its remain-

ing 21 per cent stake, yesterday

issned provisional estimates

showing a 21.6 per cent rise in

consolidated net earnings last year to Ptal17.7bn (\$973m)

from Pta96.9bn in 1994.

the price had fallen 13.7 per snrprisingly snccessful L2.257bn (\$1.42bn) rights issue, cent The low point of the week was on Wednesday, when the troubled Italian computer under additional pressure from group has privately advised a sharp slide in high technology stocks worldwide analysts that restructuring costs have proved higher than the shares fell to L1,027, close Analysts from a number of to the rights issue price of L1.000

bouses have snbsequently Olivetti insisted yesterday downgraded 1996 net profit forecasts from about L360bn to that, in keeping with its usual L130bn. Although Olivetti's shares picked up 1.5 per cent practice, it would not comment on full-year results before the

annual board meeting at the end of May. The company said: We understand that analysts are reviewing their own calculations."

Olivetti's board is to meet next Tuesday to make its first evaluation of 1995 results. It said the decision to hold next week's meeting was prompted by the need "to show

an even greater responsibility to be open about our operations" since last month's rights issue which resulted in foreign investors owning about 70 per cent of the company.

reluctant to be named because of the sensitivily over Olivetti's results, a Milan hroker said: "We know that there will be losses, probably of around L1,250hn, for 1995 hut there is a growing feeling that the company's net deht is higher than many people expected, and that has been the Achilles heel for some time.

Another Milan broker said: Mr Carlo De Benedetti. chairman, has said he believed The market has had to work for several weeks on nothing other than claims about the the share price fall was caused

COMPANY PROFILE:

Banesto

Net profit Pta bn

Although brokers were success of the rights issue. As soon as lower research house estimates were put out carlier this week it was easy for the price to be pushed down." Last September Olivetti which has been besel by troubles in its personal computer division - revealed first half net losses of L1,057bn. including a L900bn charge for restructuring costs in the second half. The company's net losses totalled L678bn in 1994.

partly by a market perception that restructuring had proceeded more quickly than expected, putting a greater weight on 1995 costs and reflecting positively on 1996 results. Mr De Benedetli has said

that the rights issue marked the transformation of Olivettifrom "a family-controlled" company into a real public company See World Stock Markets

partly by the strengthening of

the lira, allowing foreign

investors to take profits, and

OVC set to tap German TV shopping market

By Judy Dempsey in Gerlin

tbe US-based QVC. tele-shopping group, is poised to enter the German market and tap what is still an underdeveloped retailing and consumer sector.

QVC would be the second tele-shopping company to start broadcasting in Germany. It has still to clear regulatory burdles but officials are confident that permission will be granted

Mr Wolfgang Clement, the economics minister of North-Rhine Westphalia, Germany's most populous state, yesterday confirmed that QVC would be located in the region, which is fast becoming an important media centre.

In the start-up phase, QVC intends to create 209 jobs, rising to 2,000 hy the end of the decade, and has earmarked ' investments of DM110m (\$75m).

However, the law governing home tele-shopping in Germany is still unclear. The US group will require a licence from the local broadcasting anthorities to gain access to one of the normal frequencies or transmit via satellite.

"We are in the process of discussing this licence for QVC." North-Rbine Westpbalia's hroadcasting authority said. "Even if we grant it, the federal law which still restricts home shopping will have to be changed." Under

profit with consolidated earnings of Pta21.4hn compared was "a long-distance race" over with a Pta17.8bn loss in 1994. five years. The main effort now focused Mr Alfredo Sáenz, chairman, said he expected further on getting rid of unproductive improvement of between 30 assets, restructuring the loan portfolio, recovering debts and cutting costs. This initial phase and 50 per cent this year, but the hank was not due to resume dividends before 1998. was now half-way through, he The group, in which Banco said, and should be virtually Santander now holds 50 per completed next year. cent, quadrupled operating profits in the year to Pta28.5bn Non-performing loans fell 23 per cent last year to from Pta6.8bn. Deposits rose Pta382.4hn. This was was 77

Restructuring pays off as

Banesto returns to profit

per cent up at Pta1,327bn

7.5 per cent to Pta3,141bn. per cent covered by provisions, Total loans fell 4 per cent to compared with less than 50 per Ptal,841bn, but Mr Sáenz said cent two years ago. Mr Sáenz this partly reflected divestment said the aim was 90 per cent cover next year. of interests to which the bank had made foreign currency The bank had also made loans. Lending in pesetas was 5

Repsol announced its earn-ings estimate as it made its

first presentations to financial

institutions on the forthcoming

global share offer, expected to

raise about Pta130bn. It will be

the second Repsol placement in

less than a year and is set to

reduce the government stake

from 21 per cent to 10 per cent. The company said its earn-

ings growth came principally from gas and chemicals activi-

ting costs, which were down to The parent bank showed net profit of Pta 20.2bn against a 1994 loss of Pta12.5bn. Mr Pta120.7bn in 1995 from Pta141.2bn two years before. However, he said the recapi-Sáenz emphasised that the protalisation and support package drawn up two years ago might cess of reorganising the bank, in which the Bank of Spain intervened at the end of 1993, have fallen somewhat short of the group's real needs.

> worth of hidden losses estimated at the time by the Bank of Spain, the group had set aside Pta19.6bn in the last two years in further provisions for loan risks and had suffered losses of Pta13.7bn from the sale of subsidiaries and portfolio holdings.

Divestments last year totalled Pta174.6bn - principally from the sale of Banesto's 50 per cent stake in Banco Totta e Açores to Portugal's Champalimaud group - after Pta102.5bn worth of sales in 1994. Mr Saenz forecast a further Pta100bn of divestments "spectacular progress" in cut- this year, mostly in real estate.

ening margins in the last quar-ter. Operating earnings from

gas were up 21 per cent to

These sectors offset lower

earnings from refining and

marketing, where operating

profits fell from Pta89.4bn to

Pta76.0hn. The company said

petrol and diesel sales rose 7.7

per cent, hut did not provide

Exploration and production

any turnover figures.

Pta57.5hn.

In addition to the Pta605bn

20 4 1993

The group's workforce fell to 15,900 last year, from more than 20,100 at the time of the 1993 crisis.

tion assets in Angola.

Repsol predicts 21.6% increase in earnings Mr Oscar Fanjul, Repsol gains from the sale of explorachairman, said the govern-Repsol shares closed 0.2 per cent down at Pta4.065 on the Madrid market yesterday. Applications for the privatisalion issue opened on Wednesday. Half of the 33m

shares are destined for retail investors in Spain. Individual investors will benefit from a 4 per discount and a rebate of up to 10 per cent if the shares fall

ment's holding agency, Sepi, had abandoned proposals to try to form a French-style hard core of banking shareholders. The abortive proposal reflects differences within the Socialist administration over the Repsol privatisation. The original Sepi plan was for a 7 per cent capital issue,

reserved for institutional

1004 95 96" 97 *James Capel est would coocentrate on its Span-

isb banking business and aimed to raise its 6.5 per cent share of domestic lending to

Mr Sáenz said the gronp more than 10 per cenl in 1998.

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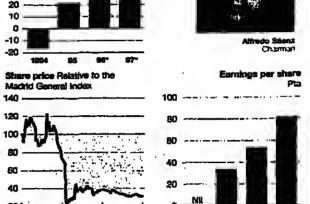
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INTERNATIONAL COMPANIES AND FINANCE

AMP 'task force' to consider demutualisation

By Nikki Talt in Sydney

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The Australian Mutual Provident, Australia's largest life insurance company, said yesterday it was setting up a formal "task force" to review the group's corporate structure, and consider whether it should demotualise. It is likely to present its findings towards the end of the year.

Demutualisation - the process by which a mutual insurer, owned essentially by its policyholders, turns itself into a conventional, shareholder-

owned company - has become a trend as London Lifs, first proposed the internationally in recent years, and a number of Australian insurers have already taken this path. National Mutual, AMP's big rival, is

committed to demutualising by 1997. as is Colonial Mutual, at a slightly later date. The NRMA, one of the country's big motor insurers, also planned to go this route until vigorous opposition from some members derailed the scheme.

The AMP, which owns the Pearl insurance business in the UK as well

demutualisation option a year ago. At that stage, Mr George Trumbull, the US insurance executive brought in to head the AMP two years ago, said that there was a 50:50 chance the institution could become a shareholder-owned company within five

years. Unlike some of its competitors, the AMP has no urgent need to shore up its balance sheet or raise new funds. But Mr Trumbull has argued that a more time-sensitive, commercially.

driven culture could be advantageous for the group - though he has also said no decision would be taken lightly.

Yesterday, the AMP said its board had reviewed preliminary internal studies, and decided to "undertake a comprehensive assessment of the options". Mr Trumbull stressed the group was "not committed to change simply for change's sake" and that no decisions on a long-term course of action had yet been taken.

The AMP task force will be headed

by Mr Trevor Thompson, former general manager of the corporate super-annuation division, and is likely to call in a range of external advisers in drawing up its recommendations. It will look at all options open to the group in terms of corporate structure, not just demutualisation.

The AMP, besides being Australia's biggest life office, is one of the country's largest equity market investors. Funds under management at end 1994 were A\$73.7bn (US\$54.8bn). Lex. Page 20

NEWS DIGEST Strong demand for Moroccan issue

25

The Moroccan government has raised Dh1.76hn (\$207m) in an oversubscribed issue of privatisation bonds, the ministry of privatisation announced yesterday. The three-year state guaranteed bonds, issued for the first time in Morocco, entitle holders to convert the bonds into shares in forthcoming privatisations on the stock exchange, at which time the yield will be calculated at 8 per cent, or bold them to maturity for an 8.5 per cent vield.

The bonds allow the government to book in revenue from privatisation before the sales take place, and will put pressure on government officials to accelerate the privatisation programme. The ministry of privatisation had originally planned to issue Dh1.5bn worth of bonds but increased the size of the issue in the face of more than Dh1.9bn in demand.

Individuals bought \$5 per coot of the issue while mutual funds and other institutions picked up the rest. Moroccans living abroad, who were exempt from withholding tax, were among the most enthusiastic buyers of the bonds, accounting for 25 per cent of the total.

Mr Abderrahmane Saaidi, the minister of privatisation, bas said he intends to issue an international tranche to be sold by Morgan Stanley, Nonura and Paribas. However, he has yet to secure the consent of the ministry of finance, which sees the privatisation bonds as competing against Treasury bills. Bondholders were yesterday given a first taste of what they

may soon be able to convert their shares into. The munistry said Samir, the country's largest oil refinery with an 82 per cem share of the fuel oil market, would be privatised through the stock exchange on March 4. Roula Khale

Mayne Nickless units for sale

Mayne Nickless, the Australian transportation, security and healthcare group, said yesterday it was putting its UK based armoured car division, which trades under the Security Express and Armaguard (UK) names, up for sale,

The business, known as UKAC, employs around 2,800 people and had turnover in the year to end-Juoe of about A\$140m US\$103.7m), It delivers and collects cash from banks and other financial institutions, and also services automatic teller machines

Mayne's decision to sell the business comes as no surprise. given that it has been steadily winding down its security interests outside Australia. It has already sold its interest in a Belgium based security business, its Spanish security operations and its UK based electronic security unit. It also sold its general security businesses in North America to Rentokil of the UK for A\$70m last August. Nikki Tait, Sydney

Thailand bank deal approved

Directors of Thai Danu Bank, Thailand's 12th largest bank, vesterday approved the purchase of 20 per cent of the bank by Finance One, the country's largest finance company for approximately \$135m.

While not an outright merger, the \$8.1bn in combined assets of the two institutions make would make it the seventh largest bank in Thailand, Finance One, led by Mr Pin Chakkaphak, will be given two seats on the bank's five-member executive committee. Mr Pin has been actively pursuing a major stake in a Thai commercial bank for more than a year.

Thai Danu Bank will issue 30m new shares, 24.2m of which will be purchased by Finance One at Bt140 (\$5.54) each. The remaining 5.8m sbares will be offered to leading Thai Danu shareholders at the same price, thus allowing them to maintain majority control of the bank.

The purchase is subject to regulatory approval but both the finance ministry and the Bank of Thailand, the country's central bank, have said they will give the venture the go-ahead.

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Anglo American puts 10,000 mining jobs on the line By Mark Ashurst division, warned that without hedging covers more than 80

in Johannesbur

Anglo American Corporation warned yesterday that some 10,000 mining jobs were at risk unless there were significant improvements in costs and productivity. Mr Bobby Godsell, chief

executive officer of Anglo American's gold and uranium

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these improvements, five shafts would be closed before the end of March at Freegold, the most troubled of Anglo's gold mines.

The warning, which comes in the wake of 3,500 redundancies at Freegold late last year, came on the day the company announced an 8 per cent rise in after tax profits at its gold and

uranium mines. Profits in the three months to December 31 rose to R144.8m (\$39.76m) from R134.1m in the preceding quarter.

Negotiations between organised labour and management are due to resume next week. 'It is my realistic hope that this meeting will produce a commitment to make cost and productivity changes - more

shafts, more blasts, more gold - which will extend their lives," said Mr Godsell.

Freegold, the world's biggest tons gold mine, reported a loss of R5.1m for the past three months after reporting a R12m profit in the previous quarter. Mr Godsell said the mines "insured future bađ operations" by returning to the forward sales market. The

• JCI Group gold mines yes-terday reported a 3 per cent fall in after-tax profits to per cent of this year's total gold production of about 220 R79.8m, compared with R82.3m Capital expenditure for the in the previous quarter. This was due largely to lower yields

quarter fell 6.8 per cent to R203.4m from R218.3m. Overall across the group and higher working costs, which offset a R5m gain in gold revenue, to gold production slipped 2 per cent to 56,476kg from 57,613kg, although average revenue rose 1.7 per cent on the previous

R523.8m, on the back of higher average gold prices. See World Stock Markets quarter to R46,273 a kilogram.

Gold Fields losing its glister in the new South Africa

Despite owning two of the richest mines in the world, the group faces problems, writes Philip Gawith

old Fields of South Africa, once the jewel of the South African mining industry, is increasingly looking like a prime take over candidate, . rips . for restructuring.

In an interview, Mr Alan Wright, GFSA chairman, made clear that "business as usual" would not be enough to overcome the company's problems. Despite owning two of the richest gold mines in the world, Driefontein and Kloof, GFSA is in trouble. Mr Wright concedes the group's flagship mines are less profitable than they should be. Its venture into platinum has proved embarrassing, and the company's paternalistic ethos appears at odds with modern South

most bitter clashes in the coun-

Anglo's dominant status in the. local gold industry. Soon after Minorco's failed bid, ConsGold fell into the hands of Lord Hanson, who promptly sold GFSA. The result is a complicated share structure through which

GFSA is controlled by a company called GFSA Holdings. This, in turn, is owned 40 percent by the Rembrandt Group (the Rupert family), 40 per cent by Asteroid (in effect, Gold Fields' incumbent management) and 20 per cent by Liberty Life (Mr Gordon). Anglo American and its associates, meanwhile, hold a 25.8 per cent direct stake in GFSA. Even this does not do full justice to the complexities of the situation. Anglo, despite its large stake, does not have a seat on the board - a legacy of past hostilities. Mr Gordon and the Rupert family, meanwhile, fell out badly over this deal, having previously been close business partners.

Only Rembrandt is in a postthe point where critics claimed tion to do anything about the situation. Asteroid lacks the incentive to effect reform, while Liberty and Anglo lack the power. But change may not be far

off. The recent merger of Rembrandt's tobacco interests with those of Richemont, the offshore company controlled by

Digging deep: GFSA must make greater efforts to find new ore resources

the company had become a personal fiefdom. A new face could help break the log-jam. A third agent for change is that GFSA's profits from gold are under unprecedented

Finally, Gold Fields is seen as having a management style that hlends authoritarianism and paternalism in a way Nevertheless, Mr Wright ha unsuited to the "new South Africa". Political and investor pressure on this front could also act as a spur. Mr Wright says he has two main objectives. First, he must rationalise the South African gold interests so they can be mined more profitably. Second, he must make greater efforts to find new ore resources. The flagship gold mines of Eloof and Driefontein continue to make profits, but Mr Wright concedes these are "only half what they should be, and all mines are running below design capacity". He blames

Picture: Give Genin

this on the country's political upheaval, although some Liberty and GFSA are partbelieve GFSA's hardline antiners, and would obviously like union policy has made it the victim of industrial sabotage. The problem is that the main challenge facing the gold mining industry is in industrial relations - an area in which GFSA lags well behind many of its competitors.

Another important challenge is to improve investor rela-tions. Mr Wright is candid: "I have absolutely no doubt that we are on the lowest rung on the ladder they can put us on." It must be doubtful, though, whether Mr Wright and other senior managers, steeped in

the Gold Fields culture, have the ability to make the sort of far reaching change that the investment community is demanding

Mr Wright concedes that "Gold Fields basically has not grown for years now". He attri-butes this in part to the flat gold price, and an inability to believe that it would not turn the corner. Also, unlike some of its competitors, Gold Fields has no significant industrial investments to cushion the impact of soft gold prices.

the status quo to continue. But he concedes a bid is a possibility. "Everything eventually has its price, but I think we would be looking at an enormous premium to break the partnership." Of the local mining houses, he makes clear be believes JCI

(whose gold division has been put up for sale by parent Anglo American) would provide the closest cultural fit, but says Gold Fields has not looked seriously at this option.

He also believes Rembrandt,

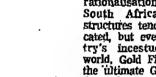
This is partly because such a deal could well give Anglo total control of GFSA (which GFSA has resisted for years), but also because Anglo has made clear JCI's sale will be an affirmative action" one. which seeks to advance black

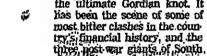
business interests Mr Wright says Gold Fields has looked at doing a deal with Gencor (Rembrandt has a 13.7 per cent stake, and analysts have often floated the prospect of it rationalising its mining investments in GFSA and Gencor) but he believes the corporate cultures are different.

GFSA's growth has been

Africa.

Nevertheless, the barriers to rationalisation are immense. South Africa's ownership structures tend to be complicated, but even in the country's incestuous corporate world, Gold Fields represents the ultimate Gordian knot. It has been the scene of some of





African business. - Mi: Harry Onpenheimer, Mr. Anton Rupert and Mr Donald Gordon - have each been involved.

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Mr Oppenheimer spent nine years trying to gain control of Consolidated Gold Fields (then parent of GFSA), starting with a "dawn raid" in February 1980 and culminating in an acrimonious, and unsuccessful, bid by Minorco, Anglo's offshore associate, in 1989. He wanted to gain control of Gold Fields, which was 46 per cent held by ConsGold, to keep it out of the hands of rival mining house General Mining (forerunner of

the Rupert family, may herald a wider restructuring of the Rembrandt gronp. Mr Anton Rupert has said that a .company needs a "locomotive" to drive profits. In Rembrandt's case this was tobacco. But with that locomotive decoupled, a

new strategy will be required. A changing of the guard at GFSA may also her-ald further developments. Last October, Mr Robin Phumbridge was replaced, after 15 years as GFSA chairman, by Mr Wright. Mr Plumbridge fought fiercely to maintain

high hopes that the Tarkwa largely organic, while Gencor, gold project in Ghana will pro-vide significant profits. Mr especially under Mr Brian Gilbertson, the current chairman, Michael Coulson, analyst at Nedcor Securities in London, has become more acquisitive. He concedes poor perforbelieves it has the potential to mance has, "from time to time", placed the partnership provide income "not a long way short" of the R100m (\$27.45m) the Kloof mine con-tributed to GFSA in 1995. under stress. "Maybe the important thing is we appear to have overcome it," he adds.

Mr Wright is also hopeful he A significant rally in the will achieve a turnround at gold price could ride to the res-Northam, which is now runcne - the recent spike has belped GFSA's share price ning at a break-even level. but the more likely scenario is that investors will have to "Maybe we won't be sble to, but I would still dearly love to exercise patience and watch prove them [the analysts]

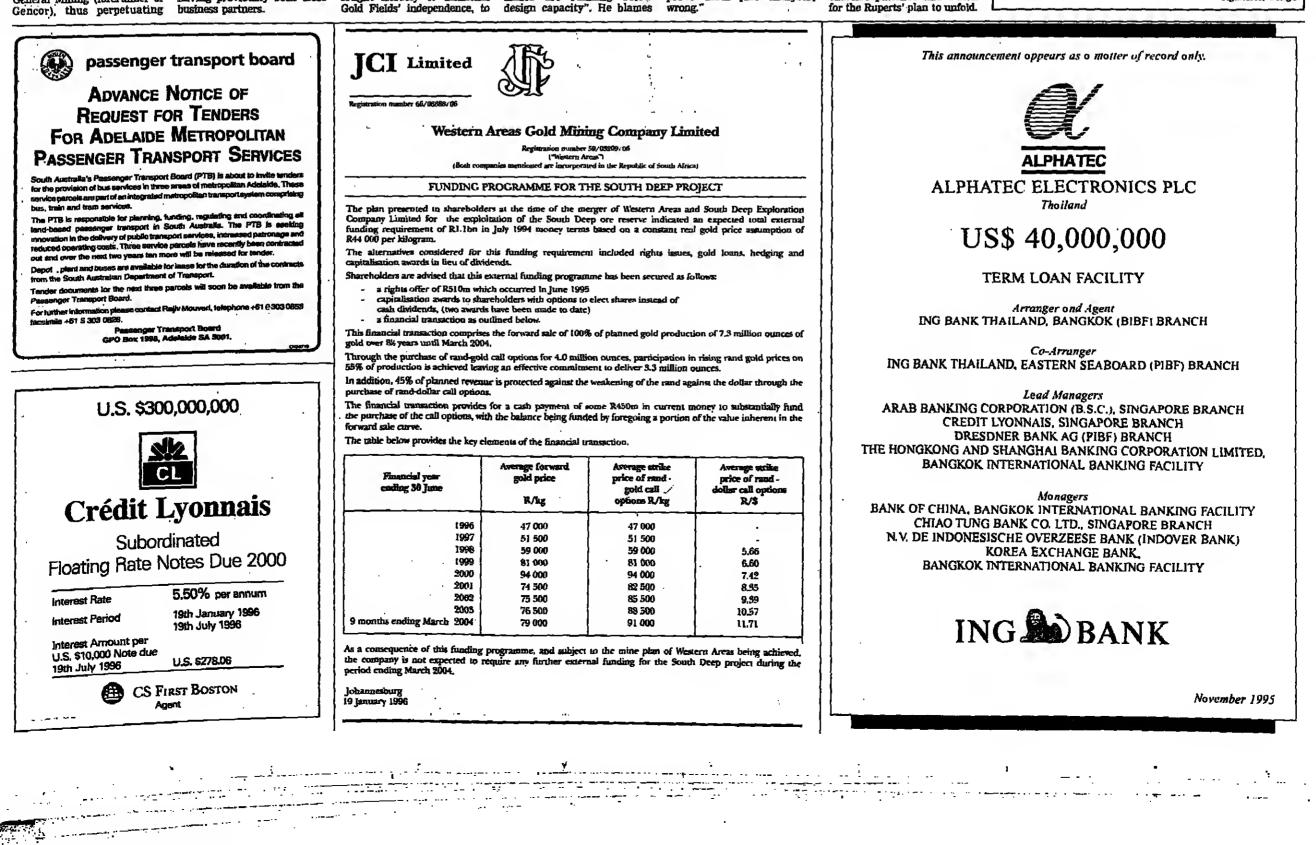
of increased domestic and foreign competition in the country's central bank. Ted Bardacke, Bangkok

Sony invests in Jackson venture

Sony Music Entertainment (Japan) said yesterday It would invest \$44.6m in Sony/ATV Music Publishing, a joint venture by Sony Corp's US unit and singer Michael Jackson. Sony Music said the impact of the investment on its parent and group earnings would be small for the time being.

Sony Music is 71 per cent owned by Sony Corp; Sony/ATV is a music publishing company which owns copyright and publishing rights of many pieces of music, including Beatles' SODSS.

Sony Music said it was planning to invest more in the Sony/ ATV venture in the future, but it did not elaborate. Agencies, Tokuo



LEX COMMENT

COMPANY NEWS: UK

Founder set to realise £40m from UniChem's £544m takeover offer

Lloyds Chemists agreed bid

By Peggy Hollinger

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The chairman of Lloyds Chemists, Mr Allen Lloyd, is set to realise £40m from Uni-Chem's £544m (\$838m) takeover of the pharmacy chain he founded. The agreed bid by the pharmacenticals wholesaler and retailer was announced vesterday.

Mr Lloyd stands to make £38m from the purchase of his 7.5 per cent stake. As outgoing chairman, he is also eligible for a further pay-off of about £2m to cover his two-year contract and associated benefits.

Mr Lloyd, a qualified pharmacist, is bowing ont after 20 years of building up Britain's second largest pharmacy chain with 924 outlets. Family illness and a fraught relationship with investors are believed to be behind his decision to sell.

UniChem has been courting Mr Lloyd since March, when Lloyds stunned the City with provisions to cover losses and closures in its drugstores side. UniChem is offering 232p in cash and four new shares for

every three of Lloyds. This values Lloyds chares at 422p,

RESULTS

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Jeff Harris, left, and Geoff Cooper, finance director, creating a group with a turnover of £2.5bn

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against last night's close of chief executive, said the combi-401p, up 35p. It is also offering 26.89p cash and 0.8603 Unination of the two groups would create "one of Europe's stron-Chem shares for every Lloyds gest healthcare companies' preference share. There is a with turnover of about £2.5bn. partial cash alternative of 600p With more than 1,300 pharin cash and 2.327 new Unimacies the enlarged group could expand in areas such as own-label products, he said. Chem shares for every three of Lloyds, and 129.03p in cash plus 0.501 shares for every pref-Margins would also benefit from enhanced buying power. erence share. Mr Jeff Harris, UniChem The market marked Uni-

profit (thes

0.41 (0.207) 0.214L (0.185L) 3.81 (2.71) 5.53 (4.75) 1.37L (1.21L)

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(1.02)

(242)

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nths to Sept 30 4.53 . Yr to Sept 30 20.1

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Chem's shares np 19:4p to

The Office of Fair Trading yesterday began investigating whether the deal should be referred to the Monopolies and Mergers Commission. The merged gronp will control almost 40 per cent of the drugs wholesale market, but just 11 per cent of the retail pharmacy market

Total for

1.8

6.2-

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Total for

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Heron looking to make large acquisitions

By Simon London Property Correspondent

Heron, the private property and trading group rescued by a group of US investors in 1994, is back on the acquisition trail and looking for deals valued at hundreds of millions of pounds. Mr Gerald Ronson, the company's founder and chief executive, said that Heron was looking to buy a trading bustness outside the property sec-tor as well as expand its property interest in the UK.

The company is also planning to make significant property acquisitions in continental Europe, possibly through joint ventures with financial institutions. It hopes to form partner-ships with French and Spanish financial institutions to manage their distressed property "We are looking for very large transactions," said Mr Ronson in a rare interview. "We are not interested in deals of £10m or £20m but many hundreds of millions. No transac-

tion is too big if it is priced

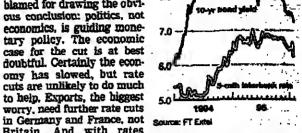
In the 1970s and 1980s, Mr Ronson built Heron into the UK's second largest private company, with interests ranging across commercial prop-erty, financial services, housebuilding, petrol retailing and vehicle distribution.

The company ran into financial difficulties in the early 1990s, shortly after Mr Ronson had served a six month prison sentence for his part in the share support operation which was at the centre of the Guinness affair.

Most of Heron's trading businesses were sold before tha company was rescued by an investor group including Mr Rupert Murdoch, the media tycoon, and Mr Craig McCaw, the telecommunications billionaire. Mr Ronson, whose family once owned all of Heron, stayed as chief execu-

tive on a salary of £500,000. Although Heron's net worth has dwindled to about £200m, Mr Ronson said that the company's shareholders were prepared to inject significant additional equity to finance acoutsitions

Interest rates On its own, yesterday's quar-UK Interest rates ter-point cut in UK interest rates hardly constitutes Per certi reckless abandon. But the 9.0 Bank of England's deafening silence speaks volumes. The markets can hardly be blamed for drawing the obvious conclusion: politics, not economics, is guiding mone-



Britain. And with rates already low, further UK cuts are unlikely to do much to boost investment or the housing market. What might benefit is consumer spending. But as yesterday's respectable retail sales

figures confirm, that is already growing healthily. Of course, despite yesterday's inching upwards, underlying inflation remains low. And even if, as the markets expect, the chancellor cuts rates by a further balf-point before the sum mer, it is not going to generate a 1980s-style boom, which is why the gilts market and sterling have taken yesterday's cut in their stride.

So why worry? The answer is that it is at precisely this point in the cycle - when growth is slowing and inflation seems tamed - that big mistakes are made. And as the government knows to its cost, it is no mean feat to bring inflation down once it has climbed.

If investors want to test the government's anti-inflation rhetoric, the question they should ask is: would the Bundesbank have cut? The answer is all too clear.

US sales decline for Laura Ashley

By Neil Buckley

right."

Total land

32 0.1

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Total last

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5.5 5.2

8.25

Laura Ashley, the clothing and furnishings group, yesterday became the second UK retailer in two days to report a heavy sales fall in the US - although UK and continental European growth was

encouraging. In the eight weeks to Christmas, group like-for-like sales (excluding store openings and closures) grew by 4.8 per cent. UK and Ireland sales rose 12.2 per cent

Earlings shown basic, Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge, SSOperating income, †On increased capital. Birish currency, SUSM stock, *Comparatives restated, #Third interim; makes 3.9p (3.6p) to date. on a like-for-like basis, with continental

European sales up 7.1 per cent. North American sales, however, fell 7.7 per cent. For the 24 weeks from July 30, group like-for-like sales increased 1.7 per cent. Sales in the UK and Ireland were ahead by 3.7 per cent and continental Europe by 4.5 per cent. North America was down S.7 per cent.

Ms Ann lverson, chief executive, said conditions in the US were tough, with competitors such as The Gap, Ann Taylor, The Limited and Talbots reporting very mixed performances.

But she admitted mistakes had been made. "North America was driven by a very poor performance in garments." she said. "They were selected incorrectly, the product was not well planned." Ms lverson plans to increase the overlap

between the North American and UK-continental European range - with the latter performing strongly. She is also reviewing the supply chain, distribution and manufacturing - determining the future of the company's own factories - as well as of the US store portfolio,

PANETIN

Granada hopes to find single buyer for Exclusive and Meridien hotels

By David Blackwelland Scheherazade eshkhu

Granada, which is waging a hostile £3.9bn bid for Forte, hopes to sell most of Forte's 103 np-market Exclusive and Meridien hotels to a single buyer.

Exclusive and Meridlen have a book value of £1.62bn and such a sale would be one of the largest single transactions in the international hotels market. It would of the businesses, he doubted whether a also be the most tax-efficient way of completing such a large disposal.

It is understood that Granada would hope to make the sale within six months of acquiring Forte, the UK's largest hotels company.

However, one leading hotel consultant said last night that while many companies might be interested in buying parts

single purchaser would be prepared to buy such a large and varied portfolio.

Granada's bid for Forte, which reaches its final closing date next Tnesday, is bighly leveraged and the sale of the botels would quickly reduce the company's ini-

tial high level of gearing. Both groups will today meet their biggest single shareholder - Mercury Asset

win support. Many observers believe MAM will back Granada.

Shares in Granada rose above 700p yesterday, before retreating to close up 3p at 696p - just 1p below the level before the bid was announced last November.

Forte shares, which were heavily traded yesterday, closed up 4p at 381%p. At this level buyers who believe that Forte will

Management - in a last ditch attempt to lose the battle and are preparing to accept Granada paper are effectively paying 673p a share for Granada.

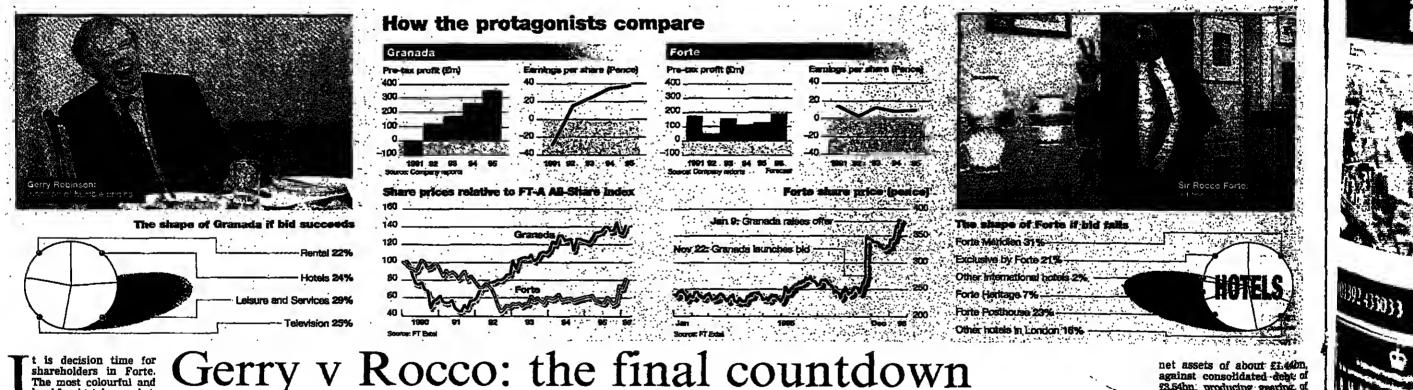
The Savoy hotel group, in which Forte has a 68 per cent holding, closed np 10p at £11.30 after rising 100p on Wednesday. Analysts said the rise has been prompted by speculation that Granada had found a buyer for the stake.

Over the past week Forte has ques-

tioned Granada's claim that it would not pay any tax on the gain arising from its proposed sale of Forte assets. Forte esti-mates the tax bill at £400m.

However, Granada believes the dispos als would not lead to a gain if the botels were sold in the form of Forte plc. After MAM, Granada is the biggest

shareholder in Forte with 9.98 per cent of the company.



t is decision time for shareholders in Forte. The most colourful and hard-fought takeover hattle in Britain this decade reaches a climax pext Tuesday, when Granada Group will discover whether it has triumphed or failed in its £3.9bn bid for the botels group.

Over the next few days, amid a flurty of last-minute City presentations by both companies, investors in Forte will be deciding which chief executive to support:

Mr Gerry Robinson, a fasttalking Irishman of humble origins with an infectious laugh, who has overseen a sharp rise in profits and share price since he became chief executive of Granada in 1991: or Sir Rocco Forte, the only son of Lord Forte, who founded the company by opening a milk bar on London's Upper Regent Street in 1935. Forte's profits record and share price have been lacklustre over the past five years.

This contrast between the two men, and their company's fortunes, appeared to make Forte a relatively easy target when Granada launched its bid on November 22.

But Forte and Its investment banking advisory team fought back with a surprisingly powerful defence campaign. This involved the quick sale of bustnesses accounting for almost half total turnover; a programme to buy back 20 per cent its share capital and distribute to shareholders its 68 per cent stake in the Savoy hotel; a promise of sharply ately before the bid was increased profits and divi- launched and represents 25

dends: and some strong criticism of Mr Robinson's management style and strategy.

However, Granada regained group Forte plans to become. the upper hand with an increased offer and a smooth presentation of its plans to investors and City analysts. It every 15 Forte shares, plus an additional 705p, which can be taken in cash or in the form of then entered the market this week to buy nearly 10 per cent of Forte's stock, while straw polls suggested it would get sizeable support from some large City shareholders. Forte's largest shareholdar. Mercury Asset Management, with about 15 per cent of the equity, has not shown its hand. But it has been an enthusiastic supporter of Mr Robinson in the past and its vote, conpled worth 387.6p a share. with Granada's own stake, would carry him a long way independent Forte fare? towards victory.

However, the battle is far from over. The Forte family and directors speak for 8 per cent of the shares, and private investors, who tend to stick with management, have a further 15 per cent. As investors weigh up their decision over the next few days, three factors are likely to be uppermost in their minds:

sparkling returns." Has Granada offered However Sir Rocco insists enough? It is a solid offer, but not necessarily a knock-out. The cash offer is 32 per cent above

the second se

this has been changing, pointing ont that the early 1990s were difficult for the hotel industry - a view with which Forte's share price immedi-

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times forecast earnings this year, or 31 times the earnings of the stripped-down botels high-spending Americans and coincided with UK recession. Forte has been a survivor in

a turbulent sector which com-The terms are four Granada panies such as Rank and shares and £23.25 in cash for Grand Metropolitan have quit, while Queens Moat went to the brink of bankruptcy.

Sir Rocco argues that the a special dividend of 47p a company is about to reap the benefits of an upturn in the share from Forte. Tax exempt shareholders would be entitled cycle, and thet loyal shareholdto a tax credit worth an addiers will benefit from Forts's tional 11.75p a share. There is a plans to turn itself into a cash alternative of 362p. Gran-ada's shares have risen "pure" hotels investment.

It is selling all its peripheral businesses, most notably its roadside lodges and restau-rants - Little Chef, Happy Eater and Welcome Break strongly this week - unusually for a company which looks like winning a bid - and last night its cash and shares offer was which Whitbread plans to buy · How would shares in an for £1.05bn. What will remain is a hotels portfolio ranging Granada's strongest weapon from some of the world's most has been Forte's poor profits luxurious - often with low and share price performance in recent years. "We've held Forte margins - to hundrum provincial Posthouses,

for a long time because we It plans to use part of the regarded it as a surrogate propcash from these disposals to erty play," said one institution. repurchase 20 per cent of its "But we wouldn't dissent from shares, at between 330p and the City view that the com-400p a share, plus 14p a share pany hasn't made its assets for tax exempt investors. This sweat and hasn't produced could provide a floor to Forte's share price, should the bid fail.

Whatever the intricacies of the debate, the outcome will turn in large measure on investors' views of Sir Rocco. Critics the City has some sympathy. The 1991 Gulf War put a stop question whether ha owes his position more to lineage than to the European travels of managerial strength and ask

As decision day approaches three factors are thought likely to be uppermost in the minds of investors why it has taken a bid to force it a case of "too little, radical restructuring on the too late." radical restructuring on the company, since he has been chief executive of Forte since 1982. If Granada is defeated, victory? can he be relied on to keep up

the pace of change? Forte argues that Sir Rocco Gerry Robinson's strong track record in turning round Gran-ada, a diversified leisure group with interests including conhas only had real power since he took over as chairman in 1992 from his father, and since then he has started a wide-spread shake-up, including sevtract catering and television programming. Operating profits have almost quadrupled in his four years at the helm. "In eral large disposals; the 1994 acquisition of the international Meridien hotel chain; and the terms of managerial abilities creation of a new management he has been spectacularly sucteam, some 70 per cent of cessful," said one analyst.

which has been appointed in the past three years. It claims that most of the initiatives unveiled during the bid were already in the pipe-However, analysts have criticised the company for hanging on to its Savoy stake, despite lack of managerial control, and for the slow pace at which it has rebranded its hotels.

line.

This week, in response to arm. institutional pressure, Sir Rocco agreed to split his role Granada has made two large acquisitions in recent years as chairman and chief execu-Sutcliffe, the contract caterer, bought with some smaller comtive, appointing as non-executive chairman Sir Anthony panies for £360m from P&O in Tennant, Forte's current dep-March 1993, and London Weekend Television, which suc-cumbed to a hostile £760m bid uty chairman. But some institations expressed disappointment that Sir Rocco himself in February 1994. In both cases, was not becoming chairman, Granada quickly achieved Its making way for new blood as targets. chief executive, and called

gins have been donbled in three years to 9.4 per cent, and profits last year rose by 35 per cent. LWT's first full year with · How would shares in Granada perform after takeover Granada helped to boost televi-The case for taking over

sion profits by 65 per cent to Forte rests essentially on Mr £140m. Some analysts believe the trick can be repeated with Forte. However, others question whether Granada, after its initial cost cutting, has demonstrated that it can maintain long term earnings momentum in its acquisitions. And opinion is divided on its proclaimed ability to lift Forte's profits by £100m in the first full year of This year he will taka over operations. the chairmanship of the group, The bld, moreover, is not

and his long-term associate, without both risks and controthe 38-yaar-old Mr Charles versy. Granada, having ini-Allen, will step up into the tially said it wanted to build chief executive's post. The two up Forte's Meridien chain, did have worked together for more a U-turn in mid-bid and is now than a dozen years, starting at planning to sell it as Grand Metropolitan, and were part of £2.1bn of disposals involved in the £160m manageleaving it with assets valued at just £1.7bn, consisting mainly of the roadside business and ment buy-out of Compass. GrandMat's industrial catering the middle market British hotels.

This has left it open to accusations from Forte of 1980sstyle "asset-stripping", though Forte liself is happily shedding large parts of the group. The bld will also leave Granada, which has e net worth of £585m, very highly geared. The combined group's pro forma balance sheet, after £865m of At Sutcliffa operating mar- goodwill write offs, would have

against consolidated dept of 23.54hn, producing gearing of 245 per cent. Mark Finnie, of NatWest Securities, calculates that by

next September net asse could rise to £1.8bn, with debt dropping to £1.2bn, for gening of 69 per cent, provided Gran-ada carried out the hotels disposals at book value:

net assets of about £1.44bn

But there must be a question mark over that assumption. A sharp stock market drop would lower achievable prices, as might the sale of so many properties at ooe time.

Against that, Granada's large stake in BSkyB is under-valued on its balance sheet. and the company's strong cash flow means that, even without the hotel sales, it reckons its 1996-97 interest payments will be four times covered.

However, there is much academic evidence to show that the main losers in many contested takeovers are the shareholders in the bldding company, whose managements are tempted to overpay in burst of corporate machismo - and overstretch themselves trying to merge the businesses.

Over the next few days it is Mr Robinson'a task to convince investors that he has not lost his touch. Sir Rocco has to impress them that Forte really has changed - and will continue to do so, even if the bid fails.

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David Blackwell Scheherazade Daneshkhu and Martin Dickson

COMPANY NEWS: UK

Bargaining with French insolvency law

Eurotunnel may appoint a mediator to negotiate with its creditors, write Robert Rice and Andrew Jack

French operator of the Channal tunnel, con-tunnel, confirmed yesterday it was thinking of seeking the appointment of a mediator to act as go-between with its creditors. At the same time, UK banks and their lawyers were trying to come to grips with the unique features of French insolvency law.

Laura Ash

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Photo artist

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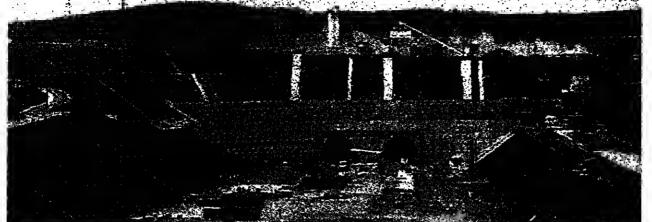
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The pre-insolvency stages of French hankruptcy law involve the possibility of appointing two mediators to negotiate with creditors.

The first step is the appointment of a *mondulaire ad hoc* to help in negotiations. His role is not formally defined under the 1984 French bankruptcy law and his powers to help are limited

If the mandataire fails, howterms. In practice however. ever, a company's directors, such agreements prove difficreditors or shareholders can cult to implement. Mr Patrick Ponsolle, Eurothen ask the president of the commercial court to appoint a tunnel's joint chairman, said conciliator to try and negotiate be considered that either of the procedures "could be useful", a solution to a financial crisis. Certain conditions must be fulfilled before the president can act. In particular, while but stressed neither would be advanced until after the group had concluded preliminary disthe company must not be insolcussions with its bankers on a vent, it must be in a position where it is unable to pay its restructuring in early Febru-If the company pursues both debts through normal channels of financing, and it must be

options and they fail, insolcapable of making a financial vency proceedings do not folrecovery. Accordingly, the pro-cedure can not be used just to low automatically, but the French redressement judiciaire. gain time prior to the filing of or court-based reorganisation procedure, is then the only thing standing between the company and liquidation. a bankruptcy petition. If the mediator reaches a conciliation agreement the parties will be



Building the Channel tunnel - the French entrance is shown above - may yet prove less complex than the financing problems

contractually bound by its The grounds for starting redressement are cessation des paiements, defined by the 1985 law as the inability of the business to meet its current debts with its liquid assets. The redressement proc

ings can be triggered by the company, a creditor, the court, the public prosecutor or the employees. An administrator is appointed together with a creditors' representative, who in practice becomes the liquidator if a reorganisation proves impossible, and the employees are asked to appoint their own

representative. The procedure starts with a six month observation period which can be extended to a maximum 18 months. During this time the business contin-

COMMERCIAL PROPERTY

ues to be managed by the debtor. Before the end of the observation period the administra-tor submits a report to the court which then decides if rehabilitation is feasible. Official French statistics show thet

more than 90 per cent of cases go into final liquidation. The position in the case of Eurotunnel is further complicated by the structure of the Anglo-French partnership. The two operating subsidiaries of Eurotunnel SA and Eurotunnel plc were granted a concession to operate the tunnel by the British and French govern-ments. The concession is a French law concept unknown

in English law. As it is not possible in law to

have a security on a conces sion, to safeguard creditors' rights a special procedure was introduced giving the banks the right to substitute their own concessionaires in place of Eurotunnel as a means of enforcing their security. Given the hurdles faced by

Eurotunnel's creditors, the company's hint that it may seek to appoint a mandataire was being seen in London yesterday as a bargaining ploy in its discussions with its creditor banks which are owed £8bn. The company insists there is no question of its becoming insolvent in the period to March 1997 due to the standstill agreement with its banks negotiated last September, However, observers point out

allows for the banks to reassess the situation after six months. That deadline is looming and Eurotunnel's hint about invoking pre-insolvency procedures in France could be interpreted as a warning to the banks not to try to back away from the standstill agreement. The consequences of Eurotunnel's going into redresse-ment would be a freeze on enforcement of security, in addition to which creditors in a redressement rank a poor third after employees' salaries and court and administrative costs. Few believe Eurotunnel will go into redressement. As one lawyer said: "putting it into insolvency is the least intelligent thing they could do". But there are concerns it may slip into insolvency by default, "The anxiety must be that someone will overplay their hand, either the banks or the company, and it will lurch into an insolvency nightmare." Others suggested, bowever. that tough penalties under French law to penalise directors - whether paid or unpaid, executive or non-executive -

that the standstill agreement

who are judged responsible for bad management might even-tually push Eurotunnel to contemplate redressement. One thing is certain. If Eurotunnel goes into redressement in France it would end up in administration in the UK. And that, lawyers say, would be the worst nightmare of all.

Guinness hit by more charges

Analysts had only expected

"We had hoped for a slight

they will be about £25m in

1995, down from a neak of Pistra

begun to recover but "gut-gay-

ing and conspicuous consumi-

tion in bars is still frowned

ing only affected part of th

claim, however, it helieved

there would still be a shortfail

to be considered by Arthur

Andersen, the arbitrator.

The Japanese economy had

at the end of the 1950s

on", one analyst said.

minimal profits before the

By Roderick Oram, **Consumer Industries Editor**

charge from Cruzcampo, the Shares in Guinness closed leading Spanish lager brand. down 14'sp at 474'sp yesterday because of depressed beer after the drinks group said it would take a further £39m demand. With the exception of Japan. trading in spirits, accounting for roughly 75 per cent of Gamrestructuring charge for 1995 and that profits in Japan had continued to slip. ness's profits, was in line with

Analysis downgraded pre-tax comments at the intermis and September, in Europe, volumes profit forecasts by 5 per cent to about £\$80m after charges. and profits were down from a year earlier apart from in Spain and the UK. These will now total £64m for the year, up from \$25m announced with the interims.

improvement since the cuer-There was disappointment that Guinness had had to ims," one analyst soud. The Japanese market had contraembark on another round of ned to deteriorate, however, cost-cutting at Cruzcampo, its causing a further fluen drop an Spanish brewing subsidiary. profits, Guinness does not due close operating profits for the The cuts will account for £29m of the additional charges. country hut analysts believe

Guinness paid a net £500m for its Spanish operations in two deals in 1990 and 1991. It took a £78m rationalisation charge in 1992 to reduce the number of breweries by three to six. With the latest charge it will close the Malaga brewery and other operations.

GrandMet wins round in BW battle

Grand Metropolitan bas won a round in its long legal dispute over the sale of its William Hill betting shops to Brent Walker, the leisure group, writes Rod-

agreed.

The High Court ruled yester-day that a clause of the 1989 sale agreement should be recti-It is seeking a £200m reduction in the purchase price, while GrandMet is seeking the final £50m payment Brent withbeld, plus interest and fied to state that acquisition accounting be used to calculate costs. Hill's profits. GrandMet During a bearing last July.

believed this was the interpre-Mr George Walker, the former tation both sides had originally head of Brent Walker, was asked by GrandMet's counsel Brent, which agreed to pay £685m for William Hill, claims whether Lord Sheppard, its chairman, had said that the that profits should have been one-off costs of Hill would be calculated on the basis of susacquisition accounted and not tainable profits without ele-

charged to profit. "I would not have known what be was talking about. The deal was done between Sheppard and myself in very plain, clear language." Mr Walker said. He and Lord Sheppard, friends for 15 years and from the same part of Lon-

'Posturings' heighten tense atmosphere of talks

By Geoff Dyer and William Lewis

Since the project to build the Channel tunnel got under way 10 years ago, negotiations between Eurotunnel and its financial backers have always heen strictly for those with strong nerves. But the background manoenvrings have become so frenzied during the past month that even the most level-headed and experienced negotiator must be feeling the pressure. It emerged yesterday that Euro-

tunnel's banks could withdraw from the current standstill agreement in March if 65 per cent of them (voting by value of loans) decided to do so. The standstill began in September when Eurotunnel invoked a clause in its agreements which allowed it to

and the state of a second s

suspend interest payments on £8bn of debt for np to 18 months, while it attempted to restructure its

finances. It was widely known that the four agent banks had to report to the rest of the 225-strong syndicate by March 14 to extend the standstill period for another year.

However, the possibility that a new financial crisis could develop over the next two months explains why the atmosphere surrounding the negotiations has become increasinely tense. Bankers insisted that the March deadline was behind the revelation that Eurotunnel was considering asking a French court to appoint a mediator - a mandataire ad hoc - to handle its negotiations with the banks.

"It sounds like the English co-chairman [Sir Alastair Morton] is playing his usual games," said one banker. They are trying to increase the pressure on us," said another.

Another said: "Trying to decipher what Eurotunnel is up to is like trying to work out what goes on in the Vatican."

The company's advisers suggested that the French court move represented "a flexing of its muscles" ahead of the looming deadline. "The company is showing its banks that it can take steps in France which may not be to the banks' liking." one adviser said. Under French insolvency rules creditor banks carry a lower level of priority than under UK company law.

A consultant to the company said: "This is game theory with high stakes, Let's bope neither side takes these posturings too seriously and Danic

Eurotunnel stressed that it was keen to conclude the negotiations. "We would like to bring things to an end promptly, but the banks are not going as quickly as we would like them to." The message it had been receiving from its banks was to "slow down".

Eurotunnel said that, if appointed, the mandataire's job would be to open up discussion with a view to finding common ground and a settle-ment". Any appointment would prob-ably not take place until February. Several bankers denied that they

KPMG and Price Waterhouse are the

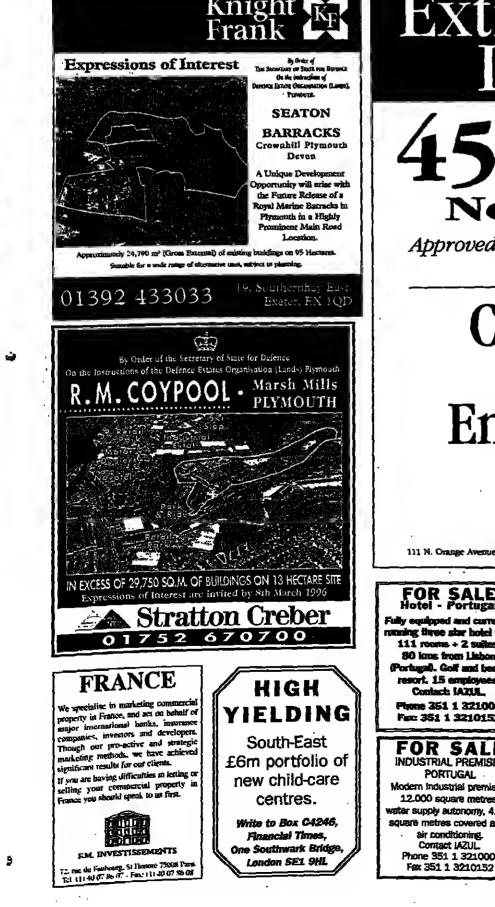
company's joint auditors in France. "The report is news to me," said one banker at a Japanese institution. A UK banker said: "We have heard very little from the company or the agent banks since the standstill began. We had certainly not heard of the accountants' report." Eurotunnel insisted that "the banks

ments such as the write-back of acquisition provisions. On had been alerted to these processes", that basis, it believes Hill's pre-It had not been able, under French law, to give shareholders details of the auditors' report. The annual meeting in June was the earliest time Met. the company was allowed to give details.

had been informed about a KPMG report warning that it was in danger of becoming technically insolvent.

tax profits for the year to September 1989 fell well short of the £55m warranted by Grand-Brent was disappointed and said it might appeal. The ruldon, spoke the same language.

Mooke Housing Einenen



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	Please contact Ting McGorman on	DIVIDEND ANNOUNCEMENT The Board of Directors announce that a dividend has been declared on Huven
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	Fax: +44 0171 873 3064	The Board of Directors 29th December 1945
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MANAGEMENT

The two top jobs at BOC are changing hands today. Tim Dickson

looks at the new team Breath of fresh air

ew big international companies acquire a new chairman and a new chief executive on the same day. But then BOC, the industrial gases group where David John and Danny Rosenkranz formally assume these roles at this morning's annual meeting, is not noted for tidy succession planning.

28

Outgoing chairman Richard Giordano will be able to dust down an old script for his farewell address today, having already bowed out of the job once before in 1992. The forceful American, whose name outside the City was synonymous with high pay in the early 1980s and who can now concentrate his attention on chairing British Gas, always remained a non-executive director at BOC, but unexpectedly returned to the chairman's suite in 1994 after his successor Pat Rich retired due to ill bealth. By most ontside accounts the intervening years were an unsettled period in the company's history.

Given the relatively brief tenure of stop gap chief executive Alexan-der "Pat" Dyer, who also retires today, and the company's rapid turnover in finance directors, BOC shareholders will be carefully scrutinising the actions of the new top team.

In many respects John and Rosenkranz look like tha model "Cadbury" combination for BOC. whose businesses take in the health care and vacuum technology and distribution services sectors as well as gases and related products.

John, aged 57, held senior posts at United Steel UK, RTZ and Redland hefore joining Inchcape in 1981 where he had particular responsibility for the Toyota franchise. Critics carp that he was not a contender in the recent handover there but he has valuable experience of east asia (where BOC has important markets and a growing number of joint ven-tures) and a good knowledge of the company after three years as a BOC "non-exec".

Most eyes, however, will be on Rosenkranz, who steps up to chief

executive from vacuum technology and distribution services, the group's star performer in recent years. Only 50, he has spent the last 22 years at BOC, most notably turn-ing Edwards High Vacuum from a loss-making manufacturer of equip-ment for semiconductor, scientific and other industrial applications into the most successful business of its kind in the world today. Edwards' sales last year increased by 50 per cent, profits jumped by 70 per cent.

Rosenkranz's motivational style, grasp of detail and organisational flair - all qualities which helped inspire the Edwards rejuvenation and subsequent divisional success will be important assets in his new, high-profile role. But nothing can fully prepare a chief executive for what he admits is "the big one" management of the external relationship with those institutions and analysts which ultimately determine the direction of a company's share price.

Thanks in large part to the Gior-dano legacy there is nothing much in BOC's locker currently troubling the City. Profits for the 12 months to end-September were bang in line with expectations - up 13 per cent with important new US contracts, rapid growth in Asia/Pacific and another strong showing to the UK, Australia and South Africa among the highlights. BOC's health care activity has had a tough time fol-lowing expiry of the isoflurane patent, but a reorganisation has cut costs and the expectation is that

pharmaceutical profits should start to grow again next year. This said, Rosenkranz will have to allay City concern that he lacks direct experience of industrial gases, 70 per cent of group sales, as well as answering longer term strategic questions such as whether to invest more in continental Europe and whether to stick with health-

On the gases "deficit" he is philosophical, suggesting it may even be an advantage to bring a new per-spective. "I am hoping that by hav-



Malcoim Watson David John (left) and Danny Rosankranz all eyes on e new combin

ing been near the gases husiness, but not in it. I have something to offer. I have watched it for 22 years and while relationships are very good I can question the folklore, if necessary."

As for continental Europe, where the international market leader Air Liquide is especially strong, Rosenkranz is equally relaxed. Yes, there is a "gap", no, there are no plans "suddenly to spend millions of pounds there". In any case, he and John say in unison, the growth markets of east asia offer enormous potential and group capital expenditure hit a record £500m last year. The Rosenkranz style, it seems, will be consultative and changes will be evolutionary, not revolution-

ary. There is no 100-day plan. "I don't work like that," he explains. "Next week I'll spend a few days with the top team, chewing the fat and starting the discussion process. I have my views on how we should do things but there will be nothing radical. He believes one of the higgest management challenges is getting the balance right between what he

does himself and what he delegates. A chief executive also needs to "understand enough to be a good portfolio manager". And he needs to create a culture "in which profes-sionalism and ability come to the top" and management systems "that allow people to breathe".

Rosenkranz is suspicious of business fashion - "I'm not a great guru person" - believing that empowerment, for example, is something successful managers have been doing for years. But the "bog standard solution" is just as dangerous and he is deeply conscious that the rules are changing in today's less inflationary economies, that price decreases may become the norm, and that rationalisation will one day not be a sufficient way of get-ting out of trouble. "If you keep cutting there will be nothing left to cut, there are fewer places to hide." Such realism, however, does not mask his essential optimism.

"Talking primarily about the gases business and looking back over the last year as well as ahead there is more opportunity out there than I can remember.

The growing trend towards the east

West European companies are developing a new source for purchasing components, says Kevin Done

to central and east Europe for new sources of supply for raw materials and components, as they seek to cut costs and improve their competitiveness against rivals from Asia and North America. According to a survey by management consultants Booz-Allen & Hamilton*, hig companies in Germany, France, Italy and the UK are planning to triple their spending in east European countries during the coming years to 5 per cent of their total purchases by 1998.

West European companies will then be spending as much in east Buropean countries as they do in North America or south-east Asia. There are still misgivings among many companies in west Europe about the quality of products and the reliability of delivery from suppliers to east Europe, but the trend is clear.

Jean-Baptiste Duzan, purchasing director of Renault, the French car and commercial vehicle maker, warns that "in spite of their attractive cost base and the skills of their workforce, very few eastern European suppliers are able to adapt to the exceedingly tight requirements of our

industry. "However, there is no doubt that they have all the necessary ingredients to become important partners in the near future." The Booz-Allen survey of purchasing intentions covers 214

companies across all sectors of industry in the four leading economies of west Europe. The proportion of purchases

companies have made in their domestic markets has declined steadily from 69.8 per cent in 1988 to 64.2 per cent in 1993, and this is forecast to fall again to around

57.6 per cent by 1998. The drop in home market purchasing in the late 1980s and the early 1990s mainly benefited suppliers in other European Union member states, a move accelerated by the creation of the single market and the abolition of tariff barriers.

In coming years it is countries

Jest European companies in eastern Europe that are expected to gain most, how expected to gain most, however, with their share of west European companies' purchases rising to 5.1 per cent by 1998 from 0.8 per cent in 1988 and 1.6 per cent in 1993. West European industrial equipment, entomotive, chemicals and electrical and electronics companies are the most active buyers from eastern Europe, according to the Booz-Allen study. "Their main motivation appears to be access to cheap labour, allowing manufactured goods to be produced at competitive costs," says the report. The average savings in purchasing costs (including transportation) obtained by

companies in these sectors range between 15 and 30 per cent The difficulty

experienced by west **European companies** rises as they move further east with greater distances involved and a greater degree of political instability

compared with the price paid to traditional suppliers. More than one company in seven has managed to cut its costs by more than 30 per cent. The only exception is the chemicals sector, which has developed a supply base in east Europe but has achieved cost savings of less than 10 per cent. Here the purchases have chiefly been made by German chemical companies of primary raw materials. They have been looking for cheaper commodities and also seeking to penetrate east **Buropean markets with their** products.

German companies were often the first westerners to penetrate east European markets and to develop effective relationships with the most competitive suppliers.

Companies are more likely to

engage cast European suppliers when they are purchasing products with a high labour content, such as semi-finished products, electrical and electronic components and equipment, and mechanical equipment. Hungary, Poiond and the Czech Republic are the countries most favoured by west European companies, in particular those from Germany and France, although the choice of supplying country does vary according to the country of the buyer. Hungary is the primary supplier of electrical and electronic components and equipment, says the report, whereas the Czech Republic and Poland have exploited their capability in mechanical equipment and finished products. The countries of former Yugoslavia have focused previously more oo raw meterials and packaging, although their role as suppliers has clearly been drastically diminished by the recent wars in Bosnia and Croatia and the sanctions against Serbia. The degree of difficulty experienced by west European

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companies rises substantially as they move further east with greater distances involved and a greater degree of political instability, says the report. "Countries in the Balkans and in the Commonwealth of Independent States are perceived more negatively by western buyers." While the level of purchases made in east Europe is set to rise

sharply many problems remain. Quality is the main issue and is cited in 70 per cent of the cases, where supply relations have failed.

Despite the problems. Booz-Allen forecasts a boom in purchases from east Europe, particularly from those countries that are geographically close to west Europe and have done most to develop market economies and democratic political regimes.

*Pan-European Survey of Purchasing Practices from Eastern Europe and the CIS Countries. Booz-Allen & Hamilton, 100 Piccadilly, London, WIV 9HA. Tel: 44:171-193-9595, Fax: 44:171-395-0024.

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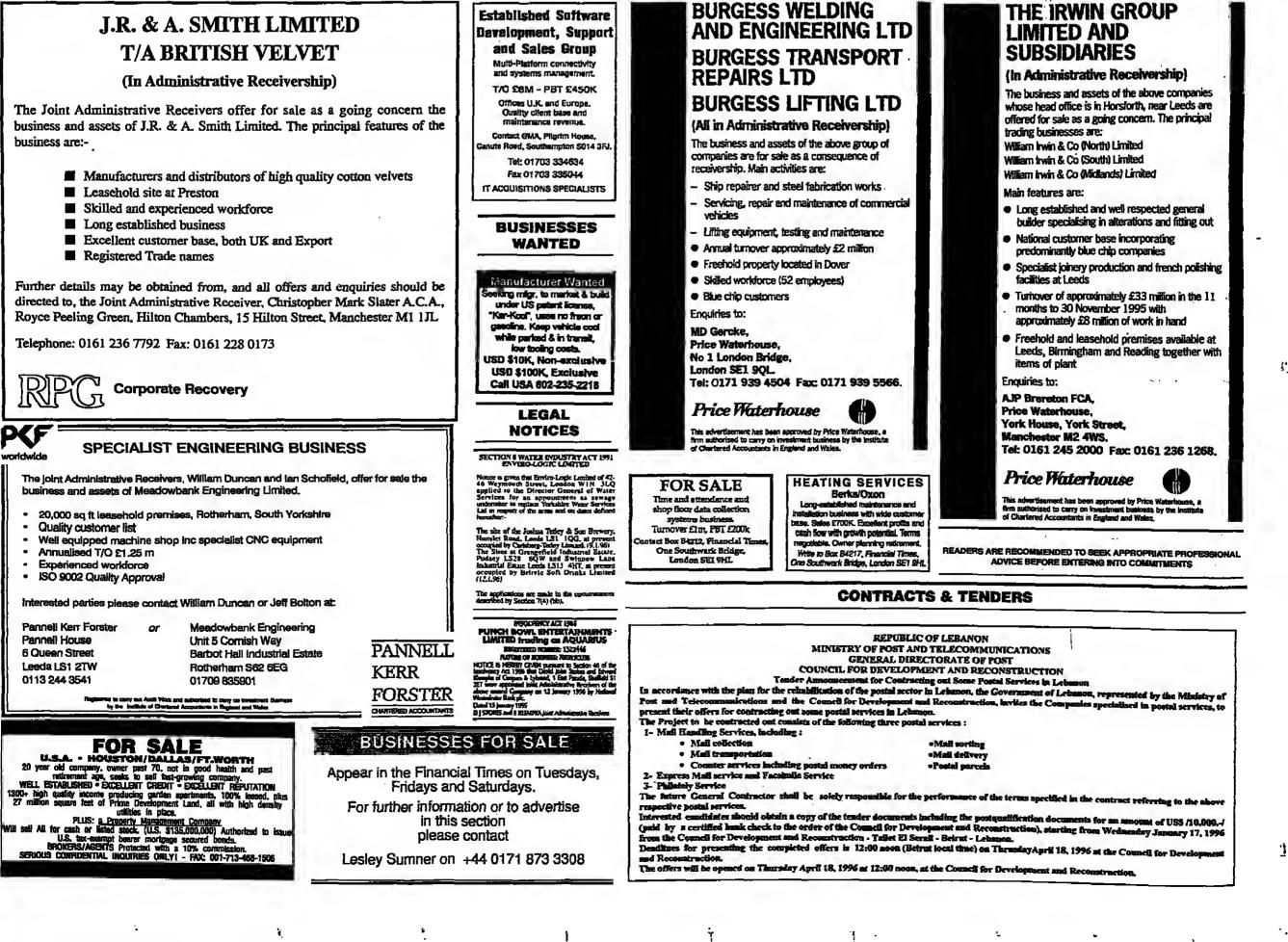
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COMMODITIES AND AGRICULTURE

Agriculture had borne the

UN Food and Agriculture

Organisation speaking in Lon-

don earlier this week. "Calcu-

lated in constant 1990 dollars,

assistance fell from \$16bn in

He was speaking at a meet-

ing with Christian Aid to

launch "Without Waiting. . .",

a report on food security writ-

ten by three European non-

governmental organisations

(NGOs) and jointly edited with

Low-income food-deficit

countries (LIFDCs) would not

be able to go to the world mar-

ket and buy sufficient food if

prices rose, warned Dr Diouf. The price of rice had risen by

45 per cent in a year, and China imported 2m tonnes of

rice from Vietnam, he said.

Developing countries as a

whola imported about \$23bn worth of cereals in 1994 accord-

The FAO's "The State of

Food and Agriculture 1995"

report identified 88 LIFDC's. 31

ing to the report.

FAO.

1961-83 to \$11bn in 1991-93."

wing trent De Beers says \$1bn loan |Food security to rise on political agenda to Russia has been repaid

By Kenneth Gooding, Mining Correspondent

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Russia has completed repayment of the US\$1bn it was loaned by De Beers five years ago, the South African group said yesterday. De Beers also revealed that negotiations with Rossia about

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"future co-operation" were going well but they needed more time. The present contract between Russia and the rough (uncut) diamond cartel organised by De Beers' Central Selling Organisation had therefore been extended to March 1. More talks would take place in Moscow in February.

The present contract, worth at least \$1bn a year to Russia, gives the CSO responsibility

for 95 per cent of Russia'a to increase the percentage of rough diamond sales. When its own diamonds it could sell the deal with the Soviet Union was completed in July 1990, De Beers also advanced a \$1bn

loan and part of the Soviet diamond stockpile was shipped to the CSO in London as collateral Some of the loan was paid off via sales from the stockpile and the remaining stones have

now been returned to Russia, De Beers said yesterday. Relations between Russia and the South African group have been stained for two years but now seem to be get-ting better. De Beens claimed that Russia was selling diamonds directly to the west in contravention of its contract with the CSO. Russia wanted made"

and cereal prices rising, food security is set to move up the on its own account. The chances of the world's political agenda. two biggest diamond producers brunt of aid cuts over the past falling out and possibly starting a price war has made decade warned Dr Jacques Diouf, director general of the

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the market very nervous. Analysts suggest the two will patch together some agreement but not necessarily another five year contract. De Beers' statement yesterday carefully avoided using the word "contract" but instead

Guatemalan

Guatemalan coffee officials

vest to 2.7m bags (60kg each) from 2.9m following a new assessment of recent rain and frost damage, reports Reuters from Guatemala City.

Coffee Association (Anacafe), said continual rains and, to a lesser extent, a cold snap last week, had caused beans to drop from trees, and encour-

be said.

which causes leaves, and later

Zambia's willingness to accept foreign help to revive its ailing copper industry was demon-North. strated again yesterday when a minister said a little-known

Canadian company was ready saying: "Furthermore we are to spend between US\$500m and willing and able to arrange complete financing of the capi-tal costs at Konkola North". \$1bn to develop the Konkola This is a separate area from Mr Kajszo was formerly vice Konkola Deep, which is likely to be developed at the cost of president for exploration for Diamond Fields Resources, the

\$600m by a consortium lead by Anglo American Corporation of South Africa. Mr Keli Walubita, Zambia'a minister of mines and minerals development, said African Minerals Corporation, the Cana-African Minerals.

dian company involved, ini-tially proposed to spend \$20m over four years to produce a feasibility study for Konkola

FAO has launched a special

programme on food production

in support of food security in

these countries. This aims to

Stores: Figures into FAQ, compiled by Christian Ald

Simply concentrating on these areas was not enough for

food security, argued Mr Simon Maxwell, fellow and pro-

gramme manager for rural pov-

erty, food security and the

environment at the University

of Susser's Institute of Devel-

opment Studies. People in low

potential areas must not ba neglected. They had to main-

tain their livelihoods - which

came partly from food but also

cash crops and non-agricul-

tural activities - and increase

their productivity if they too

were to have food security. Production was not enough,

high potential areas.

1994-95

1993-94 1992-93

promote a rapid increase in co-author of the report pointed

food production and focuses on out. "The problem is that pro-

World Cereal Usage

(million tonnes

Food

900

890

870

He quoted Mr Joe Kaiszo. African Minerals' president, as

company behind the discovery of the Voisey's Bay nickel project in Canada, but it was not immediately clear whether there was an association between Diamond Fields and Bank offshoot - might not be

Mr Walubita said that Zambia Consolidated Copper Mines

(ZCCM) the state-controlled company that owns Konkola Deep. North, would not have to make in ensuring ZCCM survives because its Zambia Copper any financial contribution to the project until production of copper and cobalt had begun. Talks are going on in London this week between Zambian ducer government officials and Anglo American about Konkola Deep which is adjacent to Konkola North. One analyst suggested Anglo and its potential partners - including Gencor. another South African mining group, and the Industrial company'a other mines are Finance Corporation, a World nearing exhaustion. Inco expected to complete

keen on another company

than enough grain to meet human needs," Mr Clive Robin-

son, Head of Christian Aid's

Europe and Global team and

Feed

648

620

630

that is available. . . Only half of world annual production of

cereals is eaten by human

beings, the rest is used for

He argued that the definition

of food security formulated by

FAO in preparation for the World Food Summit in Novem-

ber 1996 - that food is avail-

able at all times, that all per-

sons have means of access to

it, that it is nutritionally ade-

quate in terms of quantity,

quality and variety, and that it is acceptable within the given

seed, animal feed or wasted.

Othe

Grain stocks are the lowest for 20 years and prices are at long-time highs, writes Geoff Tansey ith world grain of which spent a quarter or however, argued the authors of culture – missed out gender. Diour pointed out that he had stocks at their low-more of their total export earn-"Without Waiting...". Gender roles affected who got convened meetings between est level for 20 years. ings on food in 1988-90. The "The world produces more what food, with women often NGOs and FAO in connection served last when food was diswith the biennial sessions of the technical committees on tributed. fisheries and forestry. He also

Mr Robinson also said that the Uruguay Round of the Geninvited NGOs to contribute to eral Agreement in Tariffs and Trade "failed to grasp the food the preparation for the World Food Summit, both through the national committees and security interests of developing through the regional preparacountries". Tha report notes that 50 tory meetings. At the summit,

international companies account for the bulk of food and agricultural trade and argues: "The distortions to fair 250 trade and food security result-240 ing from the power of these 240 [transuational] corporations form a second regulatory chal-lenge still to be addressed." duction is not evenly distrib-The FAO would also be monuted. Millions of people are too itoring the effects of the Urupour to gain access to the food

paratory body for the summit during the last week of Janu-ary when it will have a draft policy statement and plan of action in front of it, he said. guay Round, particularly its impact on developing countries, said Dr Diouf. The organisation's directorgeneral was credited with Over the next few months, the opening up the FAO to co-operation with NGOs by

Anglo has a vested interest

aim was to develop concrete global and regional targets to be agreed at the summit. "Without waiting. . . How the Christian Aid'a director, Mr Michael Taylor and some oth-ers at the meeting, which was international community can promote food security:" Free, attended by 27 different NGOs. The willingness to co-operate represented a considerable from Development Education Exchange Papers, Office for External Relations, FAO, Viale delle Terms di Corocalla, 90100 Rome, Italy: Fax: +39 6 522

"in addition to the NGOs

which will be part of national

delegations, FAO will invite a

group of relevant and compe-

tent NGOs to participate in the

summit as observers", said Dr

The FAO's committee on

world food security would

begin its work as the main pre-

Diouf.

29

shift in FAO'a approach to NGOs, according to Mr Jo Feingold of the UK Food Group. In March last year Dr

Canadian company ready to help Zambian copper revival daveloping an area that is nickel-cobalt property in New Caledonia by the end of the likely to prove to be part of the year and continued to work on same ore body as Konkola

its Onca Puma nickel project in Brazil, the company said this week, writes Robert Gibbens in Montreal, Goro could have annual

Investments subsidiary owns capacity of between 40m and 200m lb in matte, said spokes-27.3 per cent of the copper pro-Since ZCCM was nationalman Mr Robert Purcell, "Ws've been present in New Caledonia ised its copper output has dropped from a peak of 700,000 since 1902, but this is the first tonnes in 1969 to only about time we've considered produc-300,000 tonnes last year and production from Konkola Deep tion - it would be a surface mine. But a go-ahead will depend on world markets." is urgently needed because the

Inco plans to expand capacity at Soroako, Indonesia, by 50 per cent to about 150m lb by 1996 at a cost of US\$580m. its feasibility study on its Goro

COMMODITIES PRICES				JOTTER PAD
BASE METALS	Precious Metals continued GRAINS AND OIL SEEDS		MEAT AND LIVESTOCK	
LONDON METAL EXCHANGE		bent Sett Day's Open int price change High Low We bet 125 - May 9000 914 906 1,733 30,941	Sett Day's Open Price etamage High Low Vet set Feb 65.200 -0.800 66.000 65.125 4.562 26.473	
Cash 3 mits 'egites 1569-80 'fillwout 1560-60* 'fillwout 1500-60*	Feb 997.6 -2.4 400.8 - 997.1 37,861-96,717 Mar - 121.40 - 41.05 122.10 121.50 211	2,495 May 833 -5 934 828 1,038 16,462	Apr 65.375 -0.475 85.950 65.200 2,260 19,778 Jam 61.800 -0.075 82.025 61.800 1,268 12,423 Aug 61.000 -0.075 81,175 60,900 515 5,268 Det 62.225 -0.056 82,300 82,108 398 4,986	

MARKET REPORT LME nickel prices surge by 5 per cent

producer.

expected to be over by now,

could last another two to three

"One or two months ago we

anticipated the upturn would

have taken place by now, but

now it looks like happening in another two months," said one

months, they added.

NICKEL prices surged by more than 5 per cent on the London Metal. Exchange yesterday on activa spaculative buying throughout the morning session.

Most other base metals moved slightly higher in mainly routine business, traders said.

Three month nickel fatures finished the after hours "kerb" trading session at \$8,300 a tonne, up \$430 from Wednesday's kerb close. Technical resistance at just troy ounce, down 50 cents.

below \$8,000 was cleared when one ring dealing member drove prices higher. Stop-loss buying orders were triggered. Traders said tha rise did not

reflect physical market conditions.

European stainless steel producers had been conspicuous by their absence from the spot nickel market during the past four to six weeks, industry officials said. Steel stocks at mills were still too high, and produc-

tion cutbacks, which many

COMMODITIES PRICES

down in US heating oil stocks. The March position on the European physical market was \$17.20% in early evening trading, up 34 cents. Some dealers said healthy

demand for sweeter barrels from European refiners was also helping to support North Sea prices "There's definitely a sort of underlying strength there," said one.

Compiled from Reuters

mentioned "future co-operation" and "closer co-operation". The statement said negotiations this week ware "conducted in a positive and constructive manner and further useful progress was

Rain dampens

coffee hopes

have cut their estimate of exports from the 1995-96 har-

Mr Julio Arrivillaga, vice-president of the National

At the London Bullion Market GOLD price support levels were tested as the new year rally continued to consolidate. The price closed at \$397.75 a aged the spread of fungi and

Brent crude OIL prices rose leaf rust disease. The main areas hit were the in response to news of a drawhigher regions where Guatemala's quality hard bean and strictly hard bean were grown,

"This is a conservative estia surge in leaf rust, a virus

By Kenneth Gooding

North project.

beans, to drop off trees.

tations may be further affected, but it is difficult to measure damage now that the harvest is under way." He said Anacafe specialists had noticed

mate," he added, "I think plan-

High/low AM Officiel Karb close	1573-75 1503-03.5 1588-9	Ted. 404.9 -2.0 407.4 407.0 36 4,195 1 Tetal 51,402.215,740	Tetal 112,75 -1.00 113,75 112,75 73 1,104 Tetal 546 7,722	Ner 1013 -4 1013 1810 530 25,404 Total 5,251 129,319	line 62.375 -0.050 62.450 62.250 130 2,757 Total 9,284 71,911	
Open Int. Total delly turnover	222,590 42,588	PLATINUM NYMEX (50 Troy oz.; \$/troy oz.)	WHEAT CET (5,000but min; cents/601b bushel)	COCOA CSCE (10 tonnes; \$/tonnes)	A LIVE HOGS CME (40,000lbs; cents/lbs)	
E ALUMINIUM ALLO		Jan 415.6 -2.0 - 419.2 20 21 Apr 418.1 -2.5 421.5 418.1 1.944 19.007	Mar 463.00 +4 484.00 478.23 21,189 54,239 Mar 456.50 +2.25 498.50 454.25 3,401 10,696	Her 1283 -19 1278 1282 5,217 34,859 Her 1285 -15 1288 1284 2,138 22,106	Feb 45,425 -0.200 45,800 44,800 3,161 10,101 Apr 44,500 -0.325 44,850 44,850 2,578 10,219	
Close	1385-85 1425-30	Jul 420.7 -1.9 422.0 420.0 43 2.511	JM 422.50 +4.5 423.50 418.50 5,150 30,804	Jal 1306 -13 1318 1307 495 8,012	Jun 49.875 -0.900 50,775 49,775 2,298 6,717	
Previous :-	1390-400 1430-35	0et 422.4 -1.9 424.0 - 423.5 2 1,968	Sep 424.50 +6 425.00 420.50 318. 6,142 Den 432.75 +4.25 434.00 429.00 293 3,806	Sep 1329 -13 1339 1327 665 2,322 Dec 1362 -11 1389 1361 145 8,546	Jai 48.025 -1.150 50.400 48.975 423 3,048 Aug 48.100 -1.500 49.850 48.100 687 3,490	Church 7 The this of
gh/low M Official	1440/1430 1400-6 1435-45	Tutal 2,000 22,991	Jai 379.00 +4 378.00 378.00 0 133	Ner 1390 -11 165 6,541	Oct 44.850 -1.500 46.350 44.850 429 1,672	Stuck? Try this o
Kenta citose · · · · · · · · · · · · · · · · · · ·	1425-35	PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.)	Total 20,3581,95,322	Tutal 5,885 50,886 E COCOA (ICCO) (SDR's/tonne)	Total 5,603 35,633	A seven letter word for electrical say
otal daily tumover	1,206	Ner 131.60 -0.95 132.60 131.30 874 4,888 Jan 133.20 -0.95 303 1,258	MAIZE CBT (5,000 bu min; canta/581b bushel)	Jan 17 Price Prov. day	Feb 52.000 -0.275 52.975 51.750 2.512 4.004	Talk to Enders for a bother deal 0800 99 77 55
LEAD (\$ per tonne)		Dec 135.70 -0.95 30	Mr 355.00 +5.75 355.25 352.50 82,544224,358	Delly	Mar 52,700 +0.075 53,350 52,350 734 1,323	Eastern Packably is part of Eastern Group pic
loss	722.5-23.5 714-15	Telai 1,177 6,177	May 359.75 +3.25 380.00 357.25 30,613 110,144 Jul 357.00 +4 357.25 354.25 15,038 84,859	E COFFEE LCE (S/torne)	Many 53.225 -0.400 54.300 53.200 290 920 Jul 54.450 +0.025 54.800 53.850 201 737	
havious Sgh/low	716-7 708-8 725/724 719/702	SILVER COMEX (5,000 Troy oz.; Centa/troy oz.)	Sep 305.25 +4.75 306.50 303.50 2,498 23,637	Jan 1948 -28 1980 1930 171 922	Ang 51.850 -0.050 52.000 51.800 11 183	
AM Official	724-25 712.5-13.0 718-9	Jan 542.2 -5.3 547.0 547.0 213 207 Mar 546.0 -5.5 554.0 545.5 10.967 81,081	Dec 290.00 +45 290.25 287.50 8,347 51,117 Mar 295.50 +45 295.50 292.75 922 3,154	Mar 1852 +12 1865 1810 3,303 18,520	Total 3,748 7,177	ADACOWADD
Kerb close Open int.	31,820	Nery 550.8 -5.6 554.5 550.5 1,796 11,278	Total 141,192 496,576	Mary 1688 +17 1700 1656 1,677 9,653 Jul 1625 +15 1637 1596 714 3,554		CROSSWORD
lotal daily tumover	8,098	Jul 555.1 -5.7 560.0 568.0 1,162 7,993 569 559.0 -5.8 560.0 560.0 32 8,951	BARLEY LCE (2 per tonne)	Sep 1609 +15 1620 1580 537 1,870	LONDON TRADED OPTIONS	No.8,971 Set by DANTE
NICKEL (S per ton		Dec 565.0 -8.9 570.0 587.0 108 5,656 Tutel 14,289 88,714	Jan 113.40 -1.16 114.35 114.00 25 125 Mar 113.90 -1.20 115.16 114.00 55 758	Talai 1593 +8 1616 1608 40 533 Talai 6,436 33,177	Strike price \$ tonne Calls Puts	NO.0,9/1 Set by DAINTE
Close Previous	8105-15 8200-10 7810-20 7910-13		May 116.00 -1.50 116.00 116.00 3 391	COFFEE "C" CSCE (\$7,500lbs; cents/lbs)	BEALUMENIUM (99.7%) LME Feb Apr Feb Apr	
botviow	8360/7840 8150-90 8255-65		Sep 107.00 -0.75 107.50 107.50 10 19 Ner 102.10 -1.15 110.00 109.90 22 64	Her 195.40 +1.10 107.25 102.25 6,504 16,852	1500 75 105 6 19	
Vi Officiali Kerb close	8300-10		Total 115 1,367	Here 104.45 +1.05 106.00 181.25 1,888 6,516 Jul 104.00 +0.75 105.00 181.40 470 2,595	1600	
Open int.	40,780 21,308	ENERGY	E SOYABEANS CET (5,000br mir; center60b bashe)	Sep 103.50 +0.90 103.75 161.50 149 1,506	E COPPER	
Tatal daily tumover	£1,300	E CRUDE OIL NYMEX (42,000 US gails. S/barrel)	Jan 732,00 +3.5 732,50 728,50 3,880 1,880 Mar 740,25 +4 741,75 737,00 44,012 94,525	Dec 102.75 +0.35 103.75 161.60 52 889 Mar 103.25 - 103.75 102.40 50 171	(Grade A) LME Feb Apr Feb Apr	
Close	6235-45 6270-75	Lalest Day's	Mary 745.25 +8.75 746.75 742.26 6,738 28,001	Total 9,114 29,187	2400 90 82 15 84 2500 34 43 61 144	
revious	6265-75 6300-16	price change tilgts Low Vol int Feb 18,61 +0,29 18,97 18,48 29,849 25,346	Jul 748,25 +3,75 747,75 743,50 4,837 30,155 Aug 742,00 +5 742,00 738,00 214 2,598	COFFEE (ICO) (US cents/pound)	2000 6 - 35 -	
High/low M. Official	8260 8320/6250 6260-85 6305-10	18.22 +0.17 18.35 18.05 41,909 71,174	Sep . 718.00 +2.5 720.00 717.50 187 2,625	Jan 17 Price Prev. day Comp. daily	IL COFFEE LCE Mar May Mar May	
Karbiciose .	6270-80	Apr 17.94 +0.15 17.98 17.75 19,923 42,676	Total 85,758 194,087 SOVABEAN OIL CBT (60,000)bs: cants/b)	Comp. delly	1500 354 491 2 3 1550 307 444 5 e	14
Open int. Total daily tumover	15,150 4,301	Jan 17.54 +0.09 17.57 17.45 5,884 57,787			1000 261 398 16 16	
ZINC, special high		Jul 17.43 +0.06 17.45 17.55 4,527 27,960 Tatal - 120,923 399,415	Mar 23.99 -0.1 24.21 23.87 9,452 44,602	E No7 PREMIUM RAW SUGAR LCE (cents/bs)	E COCOA LCE Mar May Mar May	
Close	1034-95 1055-56	E CRUDE OF IPE (Monte)	May 24.31 -0.14 24.57 24.25 24.12 16,457 Jul 24.70 -0.13 ,24.92 24.54 3,311 13,251	Mary 10.90	875	16
Previous	1028-29 1050-51 1042 1057/1047	Latest Day's Open	Ang 24.87 -0.11 25.02 24.81 1,401 3,806	Jaf 11.16 +0.19	900	10
ligh/low VA Official	1041-42 1061-81.5	prios champs tilgt Low Vol Int -	Rep 25.03 -0.09 25.20 24.98 376 1,728 Tetal 17.993 07.992	Oct 11.16 +0.19	1850 - 17 47	
Cerb close	1057-8 73,471	Har 17.25 +0.16 17.90 17.17 14.148 74,753 Apr 16.79 +0.10 16.62 16.68 7.553 20,858	- SOYABEAN MEAL CET (100 tons; \$/ton)	E WHITE SUGAR LCE (\$/tonne)	1700 58 44 33 -	22
Open int. Total deliy tumover	13,915	Mary 18.50 +0.16 16.54 18.45 1,663 15,744	Jas 233.6 +1.8 283.6 282.5 1,500 1,039	Mar 359.7 +1.5 359.5 357.0 864, 11,008	1100 mmmmmmmmm 33 31	23 24 25
COPPER, grade A	(\$ per tonne)	18.27 +8.14 16.34 16.24 903 18.878 Jai 18.16 +6.16 18.18 18.12 800 7,535	Mar 237.5 +2.2 237.6 235.9 16,594 51,142 Mary 238.5 +2.1 238.6 237.1 2,791 15,432	Ney 346.8 +3.0 346.5 343.8 399 8,522 Ang 331.8 +2.4 332.5 329.5 355 4,988	LONDON SPOT MARKETS	
lose	2602-7 2492-94 2591-96 2490-81	Ann 18.10 - 16,10 18.05 637 4,233	Jul 2073 +2.0 237.0 238.6 3,500 15,164	0et 306.6 +1,9 305.5 304.6 32 3,968	E CRUDE OIL FOB (per barrel/Mar) +or-	
high/low	2620 2506/2455		Aug 235.2 +2.5 235.3 233.8 67 2,548 Sap 229.5 +3.0 229.5 228.5 15 1,914	Mar 298.0 +1.3 299.5 298.0 12 526	Dubel \$16.31-6.41w +0.20	
AM Official	2619-21 2498-99 2482-3	HEATING OIL MANEX (42,000 US gails; c/US gails)	Tutal 24,711 92,941	Tutal 1,400 32,474	Brent Blend (deted) \$17.87-7,91 +0.41	
Karbickee Doen int.	167,582	uten change jilgh Low Wil lat	POTATOES LCE (2/torne)	SUGAR 11' CSCE (112,000lbs; cents/bs)	Brent Blend (Mar) \$17,20-7,21 +0.34 W.T.L \$18,20-8,24w +0.39	
COLLE CHERY SUMOVER	60,611	Feb 53.90 +0.77 54.25 53.20 23,852 32,571	Ner 200.0	Her 11.30 +0.21 11.31 11.11 23,216 62,640 Hey 10.95 +0.19 10.96 10,79 5,050 28,430	B GIL PRODUCTS NWEproppt delivery CIF (come)	
LINE AM Official I	2/5 rate: 1.5229 rate: 1.5230	Mar 52.50 +0.68 52.75 52.20 11,572 27,714 Am 50.15 +0.46 50.30 50.00 2,631 11,578	May 205.0 9	Jai 10.15 +0.06 10.15 10.08 5,663 19,958	Premium Gasoline \$170-172 +2	
LINE GOAN THE 157	04 0 mbs: 1.5173 9 mile: 1.5136	New 48.25 +0.36 48.40 48.15 332 6,684 Jun 47.60 +0.26 47.75 47.40 825 8,402	Jun 325.0	Det 9.96 +0.01 9.97 9.90 4,825 19,882 New 9.76 -0.03 8,80 9.76 1,348 12,114	Ges Ol \$184-185 +4 Heavy Fuel Ol \$100-102 +2	ACROSS 7 Moved quickly in fit
		Jan 47.50 +0.26 47.75 47.60 825 84.82 Jan 47.50 +0.26 47.70 47.50 266 5,114	I FREIGHT (BIFFED) LCE (\$10/index point)	Mary 9.65 -0.02 9.70 9.66 547 1,857	Naphtha \$169-172 +1	1 Bearing blossom in March or cise (5) April (6) 8 Joints may be worn on
HIGH GRADE CO	PPER (COMEX)	Tutal 40,517 100,000	Jan 1830 -30 1555 1830 20 945	Totel 42,004 158,552	Jet fuel \$189-190 +4 Dissei \$168-170 +3	April (6) 8 Joints may be worn on 4 Bird painter (8) 11 Makes slow progres
Sett Day's	- Hilds - Lour- Vol int	I GAS OIL PE (Plant)	1517 -36 1550 1508 64 396	Her 52.46 -0.29 52.95 52.40 4.010 21.858	Petroleum Argun. Tel. London (0171) 359 8792	9 An item replaced for the rest-street car (7)
. price charge ten 119.00 +4.85	119,40 114.16 595 2,250	Sell Day's Contract of Contract	Mar 1510 -32 1510 1500 21 226 Mar 1480 -45 1525 1480 104 1,408	May 81.57 -0.41 82.20 81.65 841 12,036	E OTHER	dent (6) 14 An epic tour of th
116.50 +3.35	118 00 118 70 183 1.382	price change ligh Law Yet III. Fun 160.00 +3.75 190.25 158.00 12,000 22,025	- Jul 1349 -34 1371 1350 29 - 855		Gold (per troy oz) \$397.75 -0.50	10 Mild way to rebuke (8) Islands (7) 12 Pennit - strange to relate (8) 17 Blooming good exa
	115.60 111.70 6,457 28,568 113.40 113.40 15 906	Her 155.00 +3.25 158.00 154.75 6,980 12,988	- diet 1430 - 20 1440 1430 10 257 Tubel 2018 4,221	Dec 76.57 -0.21 78.90 76.55 218 11,133	Silver (per troy oz) 545.5c -1.0	13 Obscure form of lament (6) self-interest (9)
11210 +2.60	11270 110.50 886 3.405	Apr 152.25 +2.50 152.50 151.50 1,236 7,282 150.00 +225 150.50 149.25 567 3,441	A Close Pour	Mar 77.30 -0.43 77.80 77.30 27 997 Tetal 5.819 52.190	Pinthum (per troy oz.) \$415.50 -2.50 Paliadium (per troy oz.) \$130.00	15 At short notice, sent back 18 Exchange of repartee
111.30 +2.45	11 725 8,712 80,212	149.00 +1.75 149.25 148.50 341 5.660	WFL 1541 1836	HIGH 57,750 CRANGE JUICE NYCE (15,000ibs; cents/ibs)	Copper 119.0c	information (4) bear fruit (4-4) 16 Praiseworthy features of a 19 Jaguar strike not offic
iotal		, Jai 148.50 +1.25 148.00 148.50 45 4,353, J	1. 19 A.	Ner 116.90 -0.50 117.75 116.50 1.382 15.572	Lead (US prod.) 41.75c	railway? (4,6) 21 Urged editor to supp
	AFTALS	Total 20,016 81,405 -	· · · · · · · · · · · · · · · · · · ·	May 119.05 -0.45 119.75 119.05 415 2,125	Tin (Kunin Lumpur) 15.81m +0.03 Tin (New York) 297.5c +1.6	19 Dawn breaking with strange nalists (7)
RECIOUS			FUTURES DATA All Educes data supplied by CMS.	Jul 121.25 -0.30 121.75 121.25 254 1,346	Cattle (live weight); 118.02p -0.74*	lastre gives one the desire to 22 To catch men she dr
LONDON BULLIO		Latent Day's Open- unice change High Low Vol. Int.		Sep 123.25 -0.30 123.55 123.25 150 1,252 New 121.40 -1.10 122.30 122.30 1 369	Sheep (ive weight) 121.83p +5.91	go places (10) (6) 20 Desert? Not s lot of water (4) 24 Little girl all over th
- Lat Tank (2) \$1	vide 2 equiv SPT equiv	Feb 2.340 +0.004 2.430 2.230 31,583 28,968	······································	Jas 122,10 -1.40 122,50 121,75 5 1,131	Pigs (ilve weight)† 101.75p -1.12* Lon. dev suger (raw) \$302.20 +4.20	23 Left one extremely out of (5)
2007 FD	-397.90	Mar 2.070 -0.018 2.150 2.040 13,110 25,470 A Anr 1.955 -0.003 2.000 1.940 6,713 14,480	Wigof	Tutal 2,216 28,809	Lon. day sugar (who) \$378.60 +3.10	sorts (6) 26 The mark of the restr
386.39	-398.85 7.50 260.775 471.634	1,880 +0.002 1.920 1.960 3,496 13,842 -	Prices peid for wool in 1996 have held steady.	VOLUME DATA	Barley (Eng. feed) 121.5u	25 For the moment it may be Sabulan a see
ternoon for 39	7.50 261.084 471.634	Am 1.890 +0.012 1.970 1.835 2.043 10.822 	- slight against at the part. The Australian Eastern	Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT,	Meize (US No3 Yellow) 150.52 Wheat (US Dark North) Ung	97 Dignet it for headle (7)
)ag∕sHigh 3440-35	-396.85 -397.30	Juli 7,540 +0.012 1,550 1,550 506 8,712 7 Tetal 62,1425 138,729	market, indicator, which closed II 612 cents a kg. Setore Christman, anded this week II 617	NYCE, CME and CSCE are one day in amagin.	Rubber (Feb)♥ 107.00p	28 It checks the growth of popu-
vevious close 396.00	000 50	UNLEADED GASOLINE	1 cente after touching 829 cente a week 830.		Rubber (Mar) # 107.00p	lation (6)
aco Ldn Mean Gold	California Contraction of California	NYMEX (42,000 US galls.; c/US galls.)	New Zealand has also been up and then down, and in Soulb Africa prices which increased by		Rubber (ICL RSS No1) 397.00m +1.00 Coconut Oil (Phill) 5 5705.0v +12.5	
		Latest Day's Open	nearly 5% in the first week slowed to an errols	INDICES	Coconut Oil (Phil) \$705.0y +12.5 Paim Oil (Malay) \$\$\$10.0y -10.0	
2 months2	99	price clauge lingh. Low . Vol . Int	194 this week. A static market may be better	IR RELITERS (Base: 18/9/31+100)	Copre (Phil)§ 444y -7	
Ener Fix	p/moy oz. US cbs equily.	Mar 54.15 +0.32 54.50 53.70 8.870 18.764	-) buyers from the retail and to have the confi-	Jan 18 Jan 17 month ago year ago 2123.9 21.13.6 2101.3 2292.1	Soyabaans (US) 211.0 +2.0 Cotton Outlook'A' index 85.20 +0.15	T DEPONIC ALCO KOL DUMATO 12 BURGE
100	353.55 553.05	58.20 +0.32 58.35 56.05 3.660 10.171	etenming from the retail and has an effect all	CRB Futures (Base: 1967=100)	Wooltops (54s Super) 450p	expelled (7)
3 monthe 9 monthe	366.35 556.20	51.70 +0.27 55.85 55.70 1,442 6,738 55.16 +0.90 55.16 54.85 806 -0.308 **	down, the line and keeps trading	Jan 17 Jan 16 month ago year ago 240.21 238.96	É per lonce unions otherwise stated, p percentus, o centerity.	politician - a foolt (9) NIE 1 (0) NIE 0
V942	\$77,55 570,59 \$ price 2 equiv.	Ja 54,25 +0.90 54,40 54,25 80 2,150 *	down, the line and keeps trading hand-mouth and very competitive. Combing is a sector where over-copacity quickly leads	240.21 238.96	"r ringgitlig, ré Meleyelen centerleg, z Jan, a Feb.W w Mar, y Feb/Mar, x Oct/Dec London Physical, & CIF Restantion, 2	
Gold Coins	306-399 260-262	Talal	-to short-time working and the applies to the U.K. as well as Europe,	Jan 17 Jan 10 month ago year ago	E per tonce unique otherwise stated, o pencentig, o centerito, 'r rhogetilig: ni Malitylian canterlig: z Jen. 4 Feb.if w Mar. y Fabfiliar. x Cot/Dec London Physical. 5 CEF Rotandam. 5 Bullion martant clocal. 5 Shong (Live weight Priced). Change on week † Priote are for previous day.	
Krugenand Meple Leas New Sovereign	109,00-411.55 93-66 61-63	• • •		166.83 183.88 197.91 178.56		6 He made furniture to another in the skip of the skip

INTERNATIONAL CAPITAL MARKETS

Europe closes firmer after interest rate cuts

from anyone who has looked at

the latest data." Mr David Wil-eman, gilt specialist at brokers Seccombe Marshall and Cam-

pion in London, said: "I don't

suppose we will know fully

The French government cut the intervention rate by 25

basis points to 4.20 per cent,

but OATs lagged behind bunds

because the reduction was dis-

counted already. The yield

spread over bunds on 10-year

paper rose 2 basis points to 52.

tional economist at HSBC Mar-

kets, said: "There is very little

unside for French bonds at 50

over Germany. Markets are

cantious on French interest

rates. Some bad unemployment

figures will turn the pressure

up on the government and the

risk of a franc crisis in the

On Matif, the March 10-year

Mr Ken Wattret, interna-

until the minntes come out."

GOVERNMENT

BONDS

By Martin Brice in London and Lisa Bransten in New York

30

European government bond markets expected one interest rate cut yesterday but were surprised to get two - each of 25 basis points, from France and the UK, while the Bundesbank council left rates unchanged. Markets closed firmer, but Italian government bonds were the star performers, with the yield spread over bunds falling by 15 basis points on hopes of political stability. In the US, the yield on the benchmark 30-year Treasury bond fell below 6 per cent in early trading amid hopes that the economy would continue to

UK government bonds ended firmer after the surprise base rate cut, to 6.25 per cent. It was the second such reduction in two months, and the resulting market strength was attributed more to international events. The rate cut, which prompted talk of political motives, drew attention away from retail sales and price data that suggested an npward trend in consumer spending and worse than expected inflation figures. Mr Nigel Richardson, head of bond research at Yamaichi. said; "Nobody expected it, and the market has risen on the back of the international scene, taking strength from bunds and Treasuries. The market does have some Machiavellian doubts: they think it was too soon after the last cut." He said the base rate may be cut by another 25 basis points by the end of March. On Liffe, the March long gilt

future closed at 112, 10, up %. The 10-year yield spread over coming months has dissipated bnt hasn't gone away." Germany moved from 160 basis points to 157. Short sterling future settled at 122.98, up 0.08. closed at 93.96, up 0.19, diswhile March Pibor rose 0.02 to counting rates of 6.04 per cent settle at 95.43. in March. The yield on the 7.25 per cent gilt due 1998 fell 1 point to 6.09 per cent; on the

points to 7.26 per cent, and on expect a rate cut before the the 8 per cent due 2015, 5 end of March. points to 7.62 per cent.

The yield on benchmark one-Mr Andrew Milligan, internayear paper fell 1 basis point, while that on four-year paper fell 7 hasis points. On 10-year tional economist at New Japan Securities said: "This is a govpaper the yield fell 5 basis points to 5.80 per cent. ernment desperate to regain popularity. I presume that the governor [of the Bank of England, Mr Eddie George] Mr Christopb Anhamm, bond analyst at UBS in Frankfurt, only grudgingly agreed. Last

said some market participants thought the yield on 10-year paper could fall to 5.50 per time he was announcing it in front of the cameras, but this cent, and investors were movtime he is just saying 'Wait for the minutes of the meeting." ing out along the curve. "More However, Mr Simon Briscoe, and more cash is being posieconomist at Nikko, said: tioned at the long end. "There will be some who call

"But it would be more inter-esting now to start thinking about when interest rates will this a political move, but that view should have little support start go up," he said. On Liffe, the March 10-year

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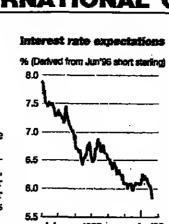
bund future closed at 101.10, up 0.40. The yield spread of 10year bunds over Treasuries moved out from 15 basis points to 20.

Italian government bonds outperformed bunds, with the yield spread on 10-year paper falling 15 basis points to 433. There were reports of investors selling bunds and buying BTPs on news that Mr Lamberto Dini was likely to be given a mandate to head a new government to oversee constitutional and electoral reform. Mr Ken Wattret said Italy had lagged behind other high-

yielders in the rally, and yesterday it had caught up. He said since inflation was falling, and the budget deficit for last year was on track, the spread over Germany could fall to below 400 if there were no political risk in the price. "But this is an early stage in the political negotiations," he said.

The vield spread over Germany on Spanish 10-year bonds moved from 351 basis points to 349, Ms Phyllis Reed, European bond strategist at BZW, said: To pusb further we need a clear view of politics and infla-tion." She said there was unlikely to be much movement

The Bundesbank council left rates unchanged at its meet-8½ per cent due 2005, by 3 ing, although some analysts



Jal 1995 Jan'96 ource: FT Estal

in the market until the February release of the consumer price data for January.

The yield on the benchmark 30-year Treasury bond fell below 6 per cent in early trading yesterday, amid hopes thet the economy would continue to weaken.

Near midday, the benchmark 30-year Treasury was 12 higher at 112 to yield 5.960 per cent, while at the short end of the maturity spectrum the two-

yeer note gained ± to 100±, yielding 5.010 per cent. A survey by the Federal Reserve Bank of Philadelphia put the index of general business conditions at negative 16.6 in January, the lowest level since July last year. The report also showed weakness in several sub-indices, including new orders and prices paid. One troubling element was a 7 point jump in the prices paid component, but economists at Donaldson, Lufkin & Jenrette said this was mitigated by the

drop in prices received. The market was untronbled by a dip in the number of people filing first-time claims for unemployment benefits, because most analysts attributed the drop to the east coast blizzard and not to a wave of new hiring or manufacturing growth. Bonds also paid little atten-

tion to the growing storm in Washington over how to balance the federal budget. The market rose through much of last year on bopes that Republicans in Congress and Presi-dent Bill Clinton could reach

an agreement.

Merrill Indonesia prepares first deal By Manuela Saragosa

in Jakarta PT Merrill Lynch Indonesia, a subsidiary of the US-based

merchant bank, last week awarded a licence to operate in Indonesia, will kick off its business in Jakarta with a Rol67bn rights issue for Bank Bira, one of Indonesia's top 20 private sector banks.

The issne will coincide with a convertible bond offering from Indocement, which accounts for about 11 per cent of the MSCI Indonesia index. Morgan Stanley is arranging the offering, which is expected to raise about \$150m. The deal should emerge by

next week. Bank Bira said the Indone sian arm of Merrill Lynch would underwrite part of the bank's planned offer of seven new shares for every five held, or 145.6m new shares, at a subscription price of Rp1,150 each. The shares will go exrights on March 13.

Mr Parveen Gandhi, vice-president at Bank Bira, said the rights issue was aimed at increasing the bank's equity, for expansion of its loans portfolio. According to regulations issued by the central bank last year, Indonesian hanks may extend loans worth up to 20 per cent of their capltal.

"We are competing with all the big foreign banks, and want to increase our loan capabilities to US\$50m-\$150m this year," Mr Gandhi said. A larger market capitalisation would also allow the bank to increase its credit lines from

foreign banks. The bank's principal shareholder, Mr Abang Latief, will reduce his stake in the bank's enlarged share capital to 55 per cent from 66.8 per cent as a result of the rights issue.

Issuers make most of solid demand for FRNs

By Conner Middelmann

A slew of floating-rate note issues in US dollars and sterling and more D-Mark paper kept dealers busy yesterday.

With issuers capitalising on strong demand for floating rate notes from cash-rich financial institutions, and the resulting tight spreads, pricing on several of yesterday's issues was deemed on the tight side. First off the block was Dean

Witter with \$300m of five-year FRNs with a coupon of threemonth Libor plna 25 basis points. At the re-offer price, the yield was 31 basis points over Libor and, according to lead manager Merrill Lynch, the spread was unchanged near the close.

Norway's Christiania Bank issned \$150m of three-year FRNs via Citibank, with a coupon of 5 basis points over three-month Libor and at an all-in cost of 10 basis points over. While some felt the pric-

ing was fair, others said the paper might not capture the increasing number of vieldhungry buyers looking for spreads between 10 and 20 basis points over Libor. Union Bank of Switzerland

executed a \$160m bloc trade of seven-year FRNs for Nations-Bank with a coupon of 20 basis points over Libor.

INTERNATIONAL BONDS

And the Britannia Building Society issued £150m of fiveyear floaters, callable after 4's years, sold at 8 basis points over Libor. Some dealers felt the pricing was tight, espe-cially compared with thia week's Bradford & Bingley offsring. But lead manager NatWest Markets said the deal saw good demand, with £100m of Britannia bonds maturing on the payment date of the new issue, and little other building society paper avail-

pound

able The Kingdom of Sweden issued \$250m of five-year callable bonds priced to yield 45 basis points over Treasurios. While load manager Goldman Sachs reported sales to retail investors in Switzerland and the Beneiux, attracted by the bearer status of the bonds, others felt the issue was too tightly priced and expressed doubts over retail placement. "In my experience, retail don't buy callable bonds," said a trader.

The D-Mark sector saw another internation;illy targeled jumbo DMt.5bn Pfand-brief 1ssue for Bayerische Vereinsbank, the first auch issue with a US house - Mer-rill Lynch - as joint bookrun-ner. After Wednesday's news of a Moody's triple-A rating for Depfa's public sector-backed Pfandbrief issues, investors are hoping the paper will also get a top-notch rating.

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Spread	Book runner
US DOLLARS			99.742R	Feb.2001	0.25R		Mendi Lynch International
Dean Witter Discover & Co.‡	300 250	(#) 5.85	100.00R	Feb.2001	0.25R	45/51-91-000	Goldman Sachs Intl.
Angdom of Sweden(b) Fakashimaya Cayman Fin.(c)@	240	3.50	100.00	Feb.2000	2,25		Nomura International
NationsBank Corp.‡	160	(d)	100.00	Feb.2003	0.20		UBS
Christiania Bankt	150	(0)	99.932	Feb.1999	0.075		Cinbank International
D-MARKS				1.7			
Bayerische Vereinsbank(1)	1.5bn	6.00	99.97R	Jan.2006	0,106	-30(5%-06)	Boyer/B:Cmmrs Mert#UB
City of Vienna	500	5.125	99.87R	Feb.2002	0.275R	+20(81-46-01)	BayerVB/SBC Warburg
Commerzbank O'seas Finance	500	5.25	101.925	Jan_2002	2.125		Commerzbank
2S First Boston	200	5.375	99.97R	Feb.2001	0.325R	+92(5***-00)	CSFB-Eflectonbank
linkaus & Burkhardt Fin.	100	5.375	101.80	Feb.2002	2.125		Trinknus & Burkhardt
STERLING Botannia B/S(g)\$	150	(01)	100.00	Feb.2001	0.17		Natwest Capital Markets
GUILDERS			_				
NG Bank	600	S.25	99.18R	Feb.2006	0.425R	+52(6%-06)	ING Banngs
BNG	250	3.00	92.41R	Mar.2001	0.25R	Rat(9%-01)	ING Banngo
De NIB	200	5.00	99.96R	Feb.2001	0.275R	+170	SBC Warburg
ITALIAN LIRE DSL Bank(h)	15064	9.25	101.475	Aug.1998	1,125	•	Paribas Capital Markets
CANADIAN DOLLARS							
Sayansche Landesbank(s)	150	8.125	98.26R	Dec.2001	0.25R		Toronto Dominion Bank
Day of Vienna	100	6.25	99,125R	Feb.2002	0.25R	-2(71596-01)	Hombros Bank
PESETAS DSL Finance	10bn	8.00	101,46	Jan.2003	1,625		88V/Deutsche Bank

b) Callable annually from 13/2/88 at par, c) Fixing: 26/2/96, d) 3-mth Libor +200p, e) 3-mth Libor +Sop. f) Cellentliche Plandbref Fecommended re-offer, g) Callable on coupon dates from Aug.00 at par. g1) 3-mth Libor +Sop. h) Fungible with L150bn. Plus 180 days accrued, i) Over interpolated yield, a) Short 1st coupon,

DRLD BOND PRICES			
CHMARK GOVERNMENT BONDS	W BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%	FT-ACTUARIES FIXED INTEREST INDICES Price Indices The Day's Wed Accrued ad adi. — Low coupon yield — — Medium coupon yield — — High coupon yield —	
Red Day's Week Month Coupon Date Price change Yield ago ago	Strike	UK Gilles Jan 18 change % Jan 17 Interest yed Jan 18 Jan 17 Yr. ago Jan 18 Jan 17 Yr. ago Jan 18 Jan 17 Yr. ago	
alia 10.000 02/06 112,2300 -0.160 8.18 8.19 8.18 a 8.500 11/05 102,7500 +0,420 6.11 6.27 8.49	10100 0.31 0.72 0.63 1.02 0.17 0.58 1.18 1.57 10160 0.10 0.47 0.45 0.81 0.48 0.83 1.50 1.86	1 Up to 5 years (22) 124,19 +0.36 123,73 2.44 0.12 5 yrs 6.66 8,79 8.67 6.68 6.81 6.66 5.77 6.98 8.68 2 5-15 years (21) 152,77 +0.52 151,96 2.47 0.00 15 yrs 7.56 7.56 8.54 7.54 7.59 8.87 7.65 7.71 8.89	
nn 8,590 03/05 101,3100 +0,690 6,30 6,52 6,67 ta' 8,750 12/05 112,3300 +0,770 6,99 7,27 7,11	10200 0.03 0.29 0.31 0.63 0.89 1.15 1.86 2.18 Est. vol. total, Calls 36601 Puts 17565. Providua day's open int., Callo 222375 Puts 207803	3 Over 15 years (8) 189.22 +0.47 168,43 2.21 1.02 20 yrs 7.63 7.68 8.51 7.65 7.69 8.87 7.72 7.77 8 63 4 incidesmables (5) 194,36 +0.49 193,40 1.95 0.00 inted.† 7.78 7.80 8.55	
erk 8.000 03/08 107,9400 +0.300 8.68 7.10 7.28 e ETAN 7,000 10/00 106,6250 -0.380 5.37 5,73 8.00 DAT 7,250 03/06 110,4100 +0.280 5.86 6.57 6.81	Italy	5 All stocks (57) 145.94 +0.46 146.27 2.45 0.21	anger wegene
CAT 7.250 03/06 110,4100 +0.280 5.26 6.57 6.81 any Bund 6.000 07/06 101,5100 +0.450 5.79 5.94 8.04 d 8.000 08/06 105,5200 +0.520 7.22 7.44 7.35	III NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE) Lia 200m 100ths of 100%	lades-linked Jan 17 17, 800 Jan 18 Jan 17 17, 800	2007 - 1 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -
10,500 09/05 103,6200 +0.950 8,901 10.33 10,87 No 129 8,400 03/00 118,2800 -0,150 1,69 1,71 1,38	Open Settprice Change High Low Est vol Open int.	7 Over 5 years (11) 190,29 -0.58 199,20 1.03 0.00 Over 5 yrs 3.50 3.53 3.90 3.29 3.35 3.70 8 Al stocks (12) 190,33 -0.57 199,25 1.06 0.00	944 <u>17</u> - 625 - 1
No 174 4,600 09/04 111,6420 -0.040 2.92 2.96 2.67 riends 6,000 01/06 101,8900 +0.420 5,77 5,93 6,08	Mer 111.60 112.65 +1.21 112.97 111.80 69106 63148 Jun 112.00 112.19 +1.17 112.30 111.80 971 2228	Average gross redengtion yields are shown above. Coupon Bandic Low: 0%-78%; Madiun: 8%-70%%; High: 11% and over. ? Flat yold. yiel Your to date.	
al 11.875 02/05 115.9200 +0.220 9.21 8.62 10.23 10.150 01/06 105.2900 +0.600 9.28 9.52 10.15	M ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Liz200m 100ths of 100% Strike PUTS		
n 6.000 02/05 87,9210 +1.090 7.92 8.26 8.53 6 8,000 12/00 105-30 +16/32 6.55 6.89 8,77	Price Mar Jun Mar Jun		
8.500 12/05 108-23 +18/32 7.24 7.49 7.37 9.000 10/08 112-28 +15/32 7.42 7.64 7.54	11250 1.38 2.29 1.21 2.60 11300 1.10 2.05 1.45 2.86	FT FIXED INTEREST INDICES Jan 18 Jan 17 Jan 19 Jan 15 Jan 12 Yr ago Hight Low Jan 17 Jan 18 Jan 15 Jan 12 Jan 11	:
sury 5.875 11/05 102-15 +18/32 5.54 5.79 5.63 6.975 08/25 112-11 +33/32 5.96 8.17 5.98	11350 0.89 1.61 1.74 3.12 Ext. vol. total, Callin 15339 Putin 6534. Previous day's open int., Callin 62657 Putin 50761	Govt. Soca. (UK) 96.34 95.97 95.98 95.60 95.46 90.80 96.34 00.22 Gilt Edged bargains 98.7 94.5 91.2 89.5 91.6	•
remoch Govit) 7.500 04/05 105.7400 +0.140 8.64 6.85 7.09 zosing, New York mid-day Yielda: Local merket standard.	Spain	Flowed Interest 114,89 114.87 114.54 114.22 114.14 109.30 115.04 108.77 5-day average 91.2 68.4 86.2 83.7 82.8 "for 1555/85, Government Securities high since completion: 127.40 (2/1/39, low 43.18 (2/1/39, low 45.18 (2/1/39, low 60.63 (3/1/39, low 60.63 (3/1))))))))))))))))))))	1
Ancluding withholding law at 12.5 per cent psysible by nonvexidentaj S, UK in SCnete, ethers in decorreit Source: MMIS international	II NOTIONAL SPANISH BOND FUTURES (METT)	TUKO ATA TUKO SMARTA TIKO. 32 KUWAY KUWAM KOUNTO 19/4.	
NTEREST RATES	Open Settprice Change High Low Est. vol. Open int. Mar 97.73 98.21 +0.57 98.45 97.48 96,817 £2,263	FT/ISMA INTERNATIONAL BOND SERVICE	
Treasury Bits and Bond Yields One month 524 Two year 5.03	UK	Listed are the latest international bonds for which there is an adequate secondary minket. Latest prices at 7:05 pm on Japuary 18	
	NOTIONAL UK GILT FUTURES (LEFE) 250,000 32nds of 100%	Issued Bid Offer Chg. Yield Issued Bid Offer Chg. Yield Hessed Bid Offer Chg. Yield	· .
n rate 74, Tares nonte 5.13 Fire year 5.26 at leasendon One year 5.02 30-year 5.98 at leasendon One year 5.02	Open Settprice Change High Low Est. vol Open int. Mar 111-27 112-13 +0-19 112-18 111-19 103320 141887	Abbey Net Treeswy 5 W 1000 99% 99% 528 United Kingdom 74 97	14 (
	Jun 111-30 111-24 +0-19 111-22 111-08 75 531 III LONG GILT FUTURIES OPTIONS (JFFE) 250,000 845% of 100%	Abbary Nati Treasury 6½ 03 1000 103 103 103 103 1, 4½ 5.57 Voltamengen Inti Fin 7 03 1000 105% 105% 44 5.59 Baltsh Land 6% 23 £ 150 94% 95% 44 5.62	
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	114 0-01 0-26 0-37 1-03 1-39 2-00 2-53 3-19 Est. vol. total, Calls 7283 Puts 4589. Previous day's open int., Calls 20363 Puts 25615	Bank Nad Gameenlan 7 89 1000 1047g 105%, +4g 5.46 Council Europe 4%, 09 250 100 1057g 2.25 Japan Dav Elk 7 00 1 200 1007g 101 1/2 +1/2 8.77 Bayer Versinabk 8% 00 500 1087g 109 +1, 5.60 Davmark 44, 99 1000 1057g 1061g -1/4 2.56 Land Saca 8/2 07 12 200 1063g +1/2 8.32	
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122.06 122.34 +0.19 122.34 121.94 155 1,848 G TERM FRENCH BOND OPTIONS (MATR)		China 8 ¹ 2 01 1000 68 ¹ 4 99 ¹ 6 4 ² 687 Custor Hydro 598 100 101 ¹ 2 102 - ¹ 2 4.83 Create Local 8 01 FFr 7000 100 ¹ / ₂ 100 ¹ / ₄ 4 ¹ / ₂ 5.89 - ¹ ⁴ / ₄ Create Fonder 9 ¹ / ₂ 99 300 111 ¹ / ₂ 111 ¹ / ₂ 4 ¹ / ₄ 5.49 SNCF 70 4 450 119 ¹ / ₂ 102 ¹ / ₂ 4.27 Eac de France 8 ¹ / ₄ 32 FFr 2000 118 ¹ / ₄ 118 ³ / ₄ 4 ¹ / ₂ 5.89 - ¹ ⁴ / ₄ Demander 5 ¹ / ₄ 69 100 ¹ / ₂ 101 ¹ / ₂ 5.17 Sweden 4 ⁴ / ₄ 0 500 105 ¹ / ₃ 100 ¹ / ₂ 4.18 SNCF 9 ¹ / ₄ 9 Fr 2000 105 ¹ / ₄ 105 ¹ / ₂ 4.73 .	Section States
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any	Japan I Notional Long Term Japanese govt. Bond Futures	Rand Mather Cardial 6/4 99 1500 101% 101% 14 549 549 549 549 5500 300000 104% 104/2 2.64 Commercials ONS Fin -1 98 750 59.73 59.80 5.7500	
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10pc 1995 9.69 5.99 103,2 +2 104 103,2 (94.2 cook) (31 pc 1997 1 12.38 5.99 107 and +1 1093 1063 8pc 2002-61 767	7.29 1074 +12 1074 924 4 m 90tt - 1256 121 233 1139 +4 1137 1067 7.29 1043 +1 1043 934 226 01 - 7113 280 328 1795 +1 1794 1657 7.39 1043 +1 1043 934 226 00 - 7119 280 334 1795 +1 1754 1657 7.39 1043 +1 1043 934 226 01 - 7119 280 334 1755 +1 1754 1657 7.39 1043 +1 1043 934 275 - 1137 1754 1154 1164 1164 1164 1164 1164 1164 11	SNCF 5/2 98 150 109% 109% + 4 5.57 Canada Mills & Hay 5/4 99 CS 1000 105% 103% 4/4 5.08 Amin Br. Vicionia 0.05 99 500 99.76 99.89 5.5556 * 500 99.76 99.80 5.5556 * 500 99.76 99.80 5.5556 * 500 99.76 99.80 5.5572 * 500 99.76 99.80 5.5572 * 500 99.76 99.80 5.5572 * 500 99.76 99.80 5.5572	
ic 1997	7.29 1034 +12 1034 924 1137 1061 7.29 1043 +12 1034 924 1123 1137 1061 7.29 1043 +1 1043 934 2202 11 1137 1061 7.39 1043 +1 1043 934 2202 11 1121 1133 1161 1163 7.39 1043 +1 1043 934 2202 1171 220 3.24 1754 1175 <td>Sweden 6/2 03 2000 1037/s 104/s +4 5.51 Bit de France 9/s 99 CS 275 1107/s 1113/s +4 8.39 Sweden 0.98 1500 100.05 100.01 5.8750 '. Tennessee Valley 8 00 1000 1024/s 1027/s +4 5.56 Killy Itr Fin 10 01 CS 400 1155/s 114 +4 6.76 Sweden -1 01 2000 89.65 99.72 5.7500</td> <td>· .</td>	Sweden 6/2 03 2000 1037/s 104/s +4 5.51 Bit de France 9/s 99 CS 275 1107/s 1113/s +4 8.39 Sweden 0.98 1500 100.05 100.01 5.8750 '. Tennessee Valley 8 00 1000 1024/s 1027/s +4 5.56 Killy Itr Fin 10 01 CS 400 1155/s 114 +4 6.76 Sweden -1 01 2000 89.65 99.72 5.7500	· .
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1998111	21200 2411	Toyota Motor 55,99 1500 101 1014, 5.12 Ontario Hydro 107,99 CS 500 1127, 1134, 4, 829 Com. United Kingdom 74, 62	
n:16411	Prospective real redemotion rate on projected inflation of (1)	World Bark 6 ¹ / ₈ 00 1500 101 104 4 ¹ / ₈ 5.251 Quebec Aydro 7 04 C3 1000 95 ¹ / ₂ 95 ² / ₈ 4 ³ / ₇ 7.71 Browing-Forms 6 ¹ / ₈ 05 400 World Bark 8 ³ / ₈ 99 1500 101 101 ¹ / ₈ 4 ¹ / ₈ 5.43 Quebec Prov 10 ² / ₈ 95 C 200 110 ³ / ₈ 111 ¹ / ₈ 4 ¹ / ₈ 6.27 Chubc Capta 9 95 200 85 116 ¹ / ₇ 117 ¹ / ₇ -225	
ale 1999	10% and (2) 5%. (b) Agures in parentheses show API bese for Indexing (ie 8 months prior to issue) and have been adjusted to	Cetal Forder 69 (pt Ecu 1000 197 1137 142 Cetal Kalgoorfe 75 00 65 137 117 1182 +18.58	
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inflation.

Jan 13

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- Peand in New York

1.5235 1.5225 1.5207 1.5112

Day's Mild high low

15,7821 15,7118

15,7821 15,7118 46,1030 45,8270 8,8305 6,6442 6,8390 8,7900 7,8861 7,8300 2,2449 2,2334 368,704 366,349 0,9671 0,9635 2417,62 2400,17 46,1030 45,9270 2,5153 2,5026 9,6563 8,7677 232,058 230,201 188,057 188,219

10.2245 10.1466 1.8124 1.6039

1,2129 1,2076

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1.5273 1.4849 2.0825

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1,5275

One /

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11.7294

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5.8 1.51,588

. . CURRENCIES AND MONEY

· for FR MARKETS REPORT Pound firm after UK interest rate cut

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By Graham Bowley

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SCHE BALLS

Sterling held its ground against other European currencies yesterday despite a surprise quarter-point cut in the UK base rate. It remained firm against the

D-Mark but it fell back against the dollar as expectations of lower interest rates across Europe again fuelled a strong markets despite some suspirally in the US currency.

Elsewhere in Europe, the Bank of France followed the UK by cutting French official rates by a quarter point, which the market had anticipated.

The Dutch central bank also cut its special advances rate. But the Bundesbank council made no change to German interest rates after a sharp fall in the repo rate on Wednesday.

Despite the dollar's gains in Europe, it fell against the Japa-nese yen after data showed weaker US economic growth. The pound closed against the D-Mark at DM2.2364 from the previous close of DM2.2415.

Closing mid-point

15.7265 45.9690 8.6543 6.8029 7.6517

2,2364 367.370 0,9644 2405.68 45,9650

2.5048

231,443

10,1950

1.8064

1.2105

1.5213

1.4796

11.3907

1.5218

2.0583

54.6094

4.7484

3.8852 2.2973 39.9169 5.7076 2.1610 5.5449

1201.89

38,4864

7 Releas for Jen 17, Bid/offer aprancis in the Pound Spot table about only the least true incident by career's instrument coses, Spothag lacks calculated by the Burst of En Mid-rates in both this and the Coller Spot tables derived from THE WMAREUTERS

Change on day

-0.0351 176 - 354 -0.1021 311 - 009 -0.0152 499 - 585 -0.0072 958 - 100 -0.0064 482 - 551 -0.0051 352 - 376 -0.022 658 - 630 -18.99 466 - 899 -0.1021 371 - 009 -0.0057 638 - 689 -0.1022 001 - 091 -0.367 286 - 565 -0.136 593 - 859 -0.0112 865 - 035 -0.0051 - 076

-0.0019 051 - 076

-0.0017 009 - 110

-0.0091 208 - 217 -0.0083 791 - 800 -0.0204 729 - 748 -0.0661 801 - 013

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 S
 -0.0079
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 1
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 127
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 9
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 9
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POUND SPOT FOR

283

(LFr)

(F) (NK) (E) (Pa)

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Jan 10

Europe Austria Belgium Denmari Finland

France

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Natherler

Norwey Portugal Spain

UK

SOR!

APL

Argentina Bozzi

Hong Kong India

New Zeeland Philippines Saudi Arabia

Singapore South Africa

Talwan Thyaland

- 1946 - - -

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Against the dollar, it finished weaker tone against the dollar at \$1.5218, from \$1.5305. was due more to worries about Sterling's trade-weighted the government's problems index closed at 83.0, slightly after talk of a "coup" against down from the previous ses-sion's finish of 83.2. Mr John Major, the prime min-ister, than with the interest rate cut.

Yesterday's unexpected cut The pound also shrugged off in the UK base rate from 6.5 data which showed that inflaper cent to 6.25 per cent was tion rose last month while taken well by the financial retail sales showed steady but subdued growth. cion that the move was made against the wishes of the Bank

The dollar's recent buoyant tone continued yesterday Both short sterling futures before profit-taking in late and UK government bond, or European trading erased most of its gains against the D-Mark. It was supported by another strong rally in the US bond market where the long bond wind moved below 5 we can gilt, futures, rallied sharply, suggesting the move had done little harm to the anthorities' credibility or increased the markets' expectation of future yield moved below 6 per cent. Mr Steve Hannah, head of research at IBJ International Analysts said the pound's --- Paiv. ctose --1,5215 1,5202 1,5162 1,5070

in London, said the rally in US bonds was "driving some inter-national investors back into the US market," which was boosting the currency. The rally in US bonds came

One year Bank of Rate %PA End, Index

28 1.0

0.6 2.7

-80 -02 42

0.9

10.6

0.6

-1.1

0.4

5.4

-1.5

after the series of European

interest rates cuts and after the Philadelphis Federal Reserve Bank showed weak husine s activity this month.

Jan 18

Austria Baiglum Dermark Pinland France Germany Greece Intend Losembous Netwark Norway Portugal Spain Swetch Suff Ecu SDRt

Canad

Mand LISA

Australia

larani Jepan Malayaia

New Zealand Philippines Saudi Azabia

Singepore South Africa

South Koma Taiwan Thailand

SDA mete

108.4 108.5 85.9 110.0 110.8 87.9 72.7 108.4 108.5 98.2 98.7 81.9 87.8 114.9 83.0

84.3

95.4

88.4

137.9

104.1

20 4000.01

2.5

Mr Hannah said the weak-ness of the US economy held out the prospect of another cut in US interest rates but he said there was unlikely to be any

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Against the D-Mark DM per St.

policy easing this month. The view among some ana-lysts in the market is that the

Closing mid-point

10.3342 30,2050 5.8968 4.4703 5.0281 1.4695

241,405 1,6780 1580,81

30.2050 1.8459 6.4428

152.065 124.015 6.0995 1.1870 1.5216 1.2573

0.9997 0.9723 1.3628

7.4850

1.3524

7,7310 35,8850 3,1203

3.1205 105.200 2.5580 1.5094 26.2900 3.7508 1.4200 3.6485 780.850 27.4210 25.2000

25,2900

BESTESSESSESSESSES

(Pasc) (RS) (CS) (CS) (CS) (CS)

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on day

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+0.0207 565 - 735 +0.0241 271 - 230 +0.005 682 - 700 +1.125 340 - 470 -0.0055 774 - 765 -3.38 058 - 106 +0.105 900 - 200 +0.0058 454 - 484

+0.0223 415 - 440

+0.0223 415 - 440 +0.605 030 - 140 +0.615 960 - 070 +0.0306 955 - 031 +0.0055 885 - 875 -0.0067 214 - 222

-0.0003 956 - 997 +0.0001 722 - 723 -0.0058 825 - 630 -0.015 800 - 900

-0.001 305 - 315 +0.06 750 - 950 -0.0014 179 - 227

-0.185 250 - 350 -0.0035 525 - 535

-0.0035 525 - 335 +0.005 090 - 101 - 800 - 800 - 504 - 507 +0.001 195 - 205 +0.0015 425 - 440 -2 800 - 700 -0.008 180 - 240 +0.015 800 - 000

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570 - 575

- 530

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Bid/offer sorred

Day's mid

10.5650 10.5140 30.2750 30.0870 5.7040 5.8737 4.4877 4.4485 5.0390 5.0085 1.4745 1.4855 242.210 240.290 1.5620 1.5728 1584 50 1574.50

1004.50 1574.50 50.2750 50.0870 1.8527 1.8428 6.4716 6.4046 152.490 151.070 124.200 123.600 6.7210 6.8596 1.1910 1.1842 1.5275 1.5205

1.2552

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7.4750

1.3535 1.3507

1.2634

0.9967 0.9728 1.3665

DOLLAR SPOT

dollar is now set for further previous finish of Y105.485 gains against European currencies following supportive com-Coptimism about the Italian ments from various European

central bank officials. Few analysis however expect any significant foreign exchange developments to follow from the meeting of G7 D-Mark. finance ministers in Paris

tomorrow Mr Lee Ferridge, currency strategist at NatWest Markets to 4.20 per cent. in London, said that the current market pessimism against the D-Mark in favour of the dollar was overdone. He said: "Although current

weakness in the German econthe D-Mark omy is being seen as a reason to sell D-Marks in favour of The Spanish peseta fell despite a sharp rally in Span-ish government bonds. It ended higher yielding European currencies, this is likely to be profat Pta84.39 from Pta84.21. itable only in the short term and only against selected currencies."

Jan 18 5 Cach Bp 41,1767 - 41,2195 27,0660 - 27,0750 Hangary 211,992 - 212,190 733,940 - 139,398 hma 4568,80 - 4504,29 3000,06 - 3000,00 Hanek 0.4657 - 0.4594 0.2985 - 0.2988 Polarik 3.4539 - 3,4575 2.5380 - 2.5280 Haalik 71,315 - 1710,31 4465,00 - 4467,00 UA.E. 55580 - 5,5913 3,4759 - 3,45720 The dollar finished in London at DM1.4696, slightly up on the previous close of DM1.4646. Against the yen, the dollar closed at Y105.3, down from the

One month Rate %PA

121813828833

21

22323133

-03

-0.1

10.3187 30.153 3.5831 4.4653

5.0813 1.4672 243.13 1.5785 1587.66

30,153 1,8425 6,4405 152,48 124,41 6,7154 1,1832 1,5208

1.2576

1.363

1.3544 -1.8 Rate

30,085 5,6789 4,4585 5,0257 1,4825 246,35 1,5780 1594,71 1,598 1,5985 1,5985 1,5985 1,5985 1,5985 1,5125 1,515 1,5125 1,515 1,

1.2631 7,4905

1.3579

%PA

-0.1

-1.6

WORLD INTEREST RATES MONEY RATES Over Dis. rate Three Six One year Lomb. Inter. Repo rate Belgitam week age France 7.00 7.00 4.20 4.45 5.00 5.00 3.00 34.44 2577725 3844 438 445 55 56 10 5 5 11 15 3344333558933511455 \$.00 5.60 5.65 3.73 6.25 6.25 10.46 10.46 3.30 5.40 week ago 3.00 week ago \$.00 domestic political situation week ago Netherlands and the growing expectation of eob 9.00 \$.00 \$.00 lower German interest rates boosted the Italian lira, which week ago 3. 11 11 15 15 rallied sharply against the 5.00 1.50 1.50 5.00 The French franc remained 5.25 5.25 week ago broadly unchanged after the week ago 0.50 Bank of France cut its intervention rate from 4.45 per cent S LIBOR FT London ink Th 5% 5% 5% 62 52 The lira closed at L1,076 against the D-Mark, from L1,081. The franc closed at week soo US Dollar CDs 5.18 5.25 4# 5 5.28 5.30 48 5.03 5.57 week ago ECU Linked De 5 44 55 5.14 41 41 54 54 54 FFr3.422 from FFr3.416 against week spo EDR Linked De 51 31 343 week ago UBOR t Tlan each wo 186 CDs. SCU & SDR Linked J EURO CURRENCY BITEREST RATES Short One 7 days Belgien Fran; Danish Konne D-Mark Dutch Guilde French Franc Portuguese E Spanish Pase Starting 34134 3433 3445 31 - 51 -1 いたいないのうちょういろう 5453468613546 30-11-33-4-14-いちちんし、「「「「「「「「「「」」」 322343 単ななないますね 11日日に いってい 「日本にないない Swite Fran Can. Dollar 「いいいません」 155813 530 2 US Dollar J.P Morge Index n Un Yan Asian \$Sing Short larm ra B THEYBE зÌ 106.1 108.2 85.1 109.7 109.9 85.9 OR PUTU (MATIF) Parts I But yol Open Int. Sett price Change Ope High Low 95.47 95.65 95.73 95.43 96.66 96,70 +0.02 95.39 96.61 96.87 95.47 95,67 96,73 35.897 11,064 5,005 53,584 48,911 36,965 Mer Jan Sep

> CONTRA BUROMARK PUTDING (LIFFE) OM1m points of 100% Sett price Change 40.04 High Low Est, vol Open tot.

-		UROMAN	C PUTTORS		OM1m poi	nts of 100%	
	Open	Sett price	Change	High	Low	Est, vol	Open Int.
Mar	96.62	96.65	+0.04	96.87	96.61	82191	179735
Jun	96.79	96.81	+0.02	96.89	96.78	34410	100005
Sep	88.82	95.84	+0.02	96.86	96.76	26774	141322
Dec	95.71	96.72	+0.02	95.74	98.67	20501	141293
	E MONTRE	UNOLIRA	PUTURES	LIFFE L	1000m poir	tis of 100%	
	Open	Sett price	Change	High	Low	Est, vol	Open Int.
Mar	90,46	90,59	+0.16	90.64	90,46	21249	47020
Jun	90.96	91.10	+0.19	91.13	90.95	6404	26384
Sep	91.22	91.93	+0.15	91,35	91.21	1395	15623
Dec	91,33	91.42	+0.16	D1.45	91.35	905	8095
	E MONTH I	IUNO SWIE	S FRANC	PUTURE	s (LIFFE) SI	Fr1m points	of 100%
	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Mar	98.35	98.37	+0.01	96.41	98.34	2504	25197
Jun	98.40	98.42	+0.03	98.43	98.38	2637	19611
Sep	96.37	98.37	+0.01	98.38	98.34	1697	8367
Dec	96,18	98,19	+0.01	98.19	98.16	402	3984
D THE	I BOHTR	ICU PUTUR	LES (LIFFE) Soutim p	oints of 100	3%	
	Open	Sett price	Change	High	Low	Est. vol	Open int,
Mar	95.32	95.30	+0.07	95.39	95.32	2674	7625
Jun	95.50	95.57	+0.08	95.57	95.50	870	4057
Sep	05.55	95.59	+0.06	95.60	85.55	121	2656
Dec	95.42	95.48	+0.07	95.51	95.42	328	2474
· LIFFE ton	une also trad	TRA no be					
	LIRA OPTI	DING (LIFTE)	L1000m p	oints of 10	00%		
Strike		CAL	13			PUTS -	
Price	Me	r Ju	n 1	Sep	Mar	Jun	Sec

0.25

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-0.1 7.7335 -0.1 7.7805 37.81 -54 6.3 103.975 -0.4 2.58 -2.5 1,5183 5.0 100.545 4.5 138.3 -1.1 2.5835 -1.2

%PA

29,76 5,8944 4,4278 5,0121 1,4429 259,805

1,575

1657.81

29.78 1.6135 8.4153 198.835 128.635

6.8833

1.5091

7.4853

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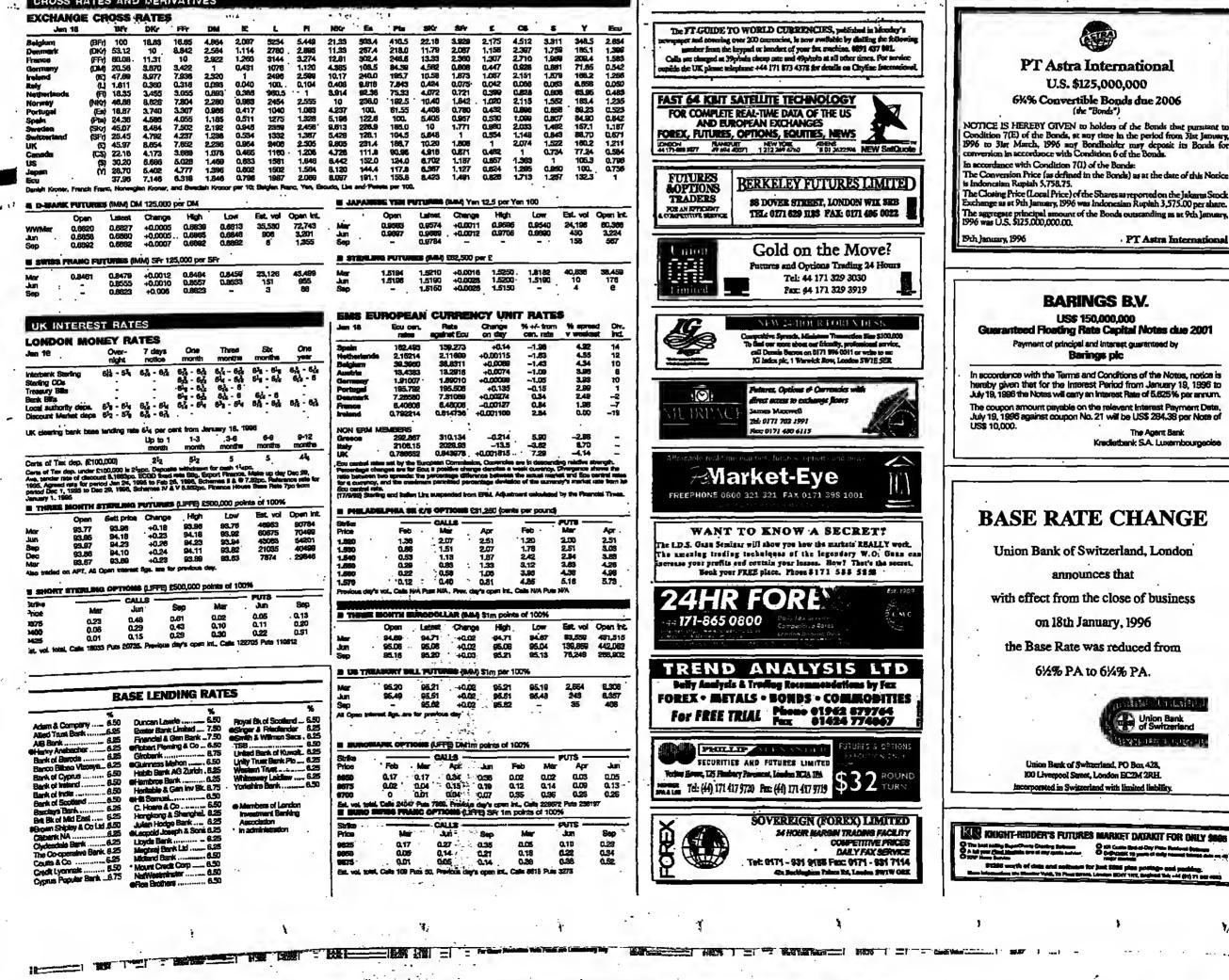
0.3 1.8 7.8

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1.3535 1.3507 1.3544 7.7323 7.7905 7.7857 35.6850 35.6900 36.035 3.1258 3.1178 -105.670 105.080 104.835 2.5590 25.675 2.4539 1.5108 1.5085 1.5125 22.5800 25.675 2.4539 1.4207 1.4161 1.4164 3.475 3.8420 3.5751 1.4207 1.4161 1.4164 3.4475 3.8420 3.5721 701.400 788.500 792.85 27.4550 27.4130 27.441 25.3000 25.2800 25.3857 of the factor of the jact the d -24 1.5429 -22 -0.1 5.7551 -0.1 2.7 1.385 2.5 -8.8 3.0488 -8.3 -3.3 814.85 -3.2 -0.9 -4.8 26.475 -4.7 3.751 -0.1 3.7517 1.4184 3.0 1.4104 3.5721 -0.5 3.7225 762.85 -4.8 798.15 27.441 -0.9 27.481 25.3887 -4.7 25.5825 9050 9075 9100 0.77 0.58 0.42 1.08 0.90 0.74 0.18 0.29 0.48 0.17 0.23 0.32 0.13

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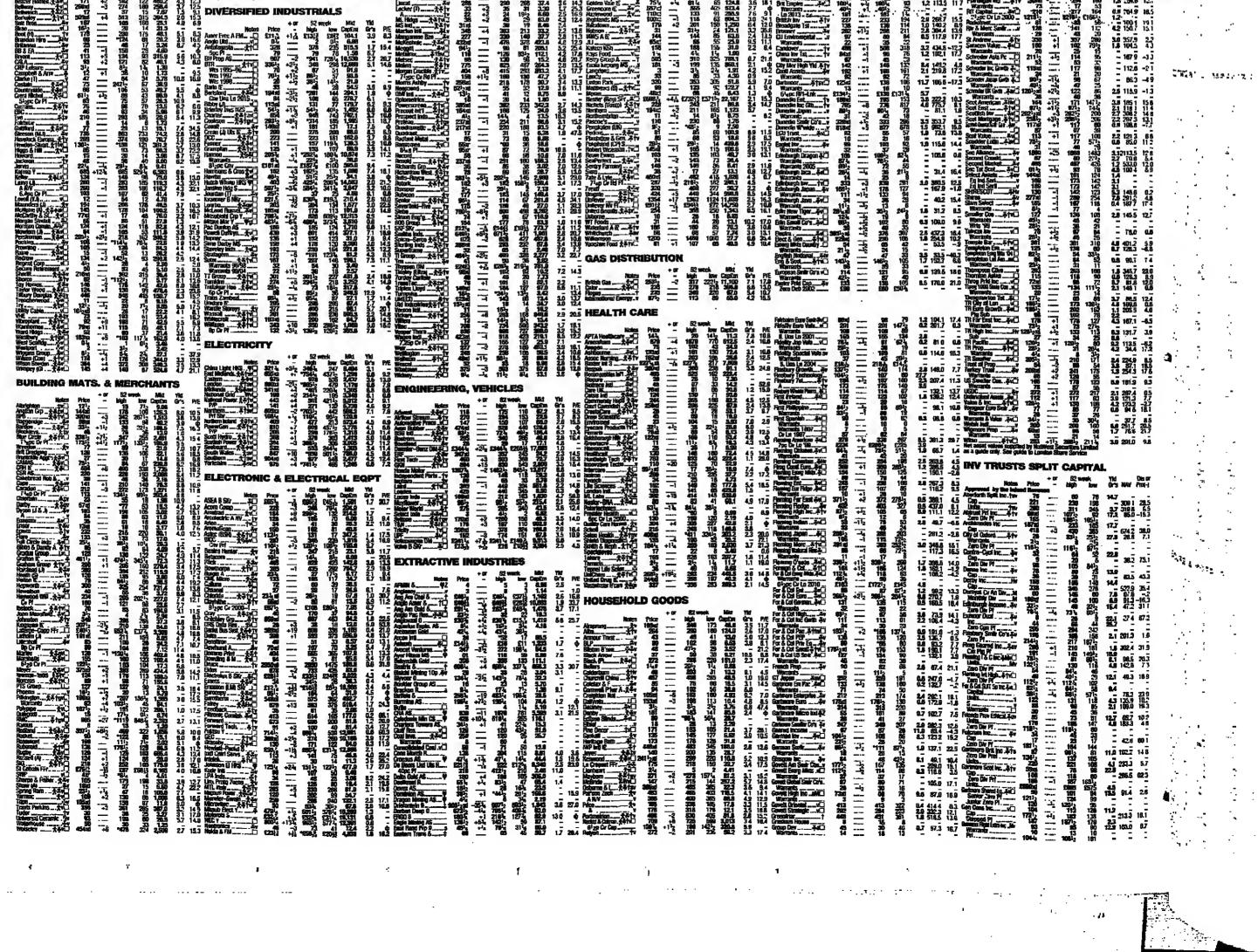
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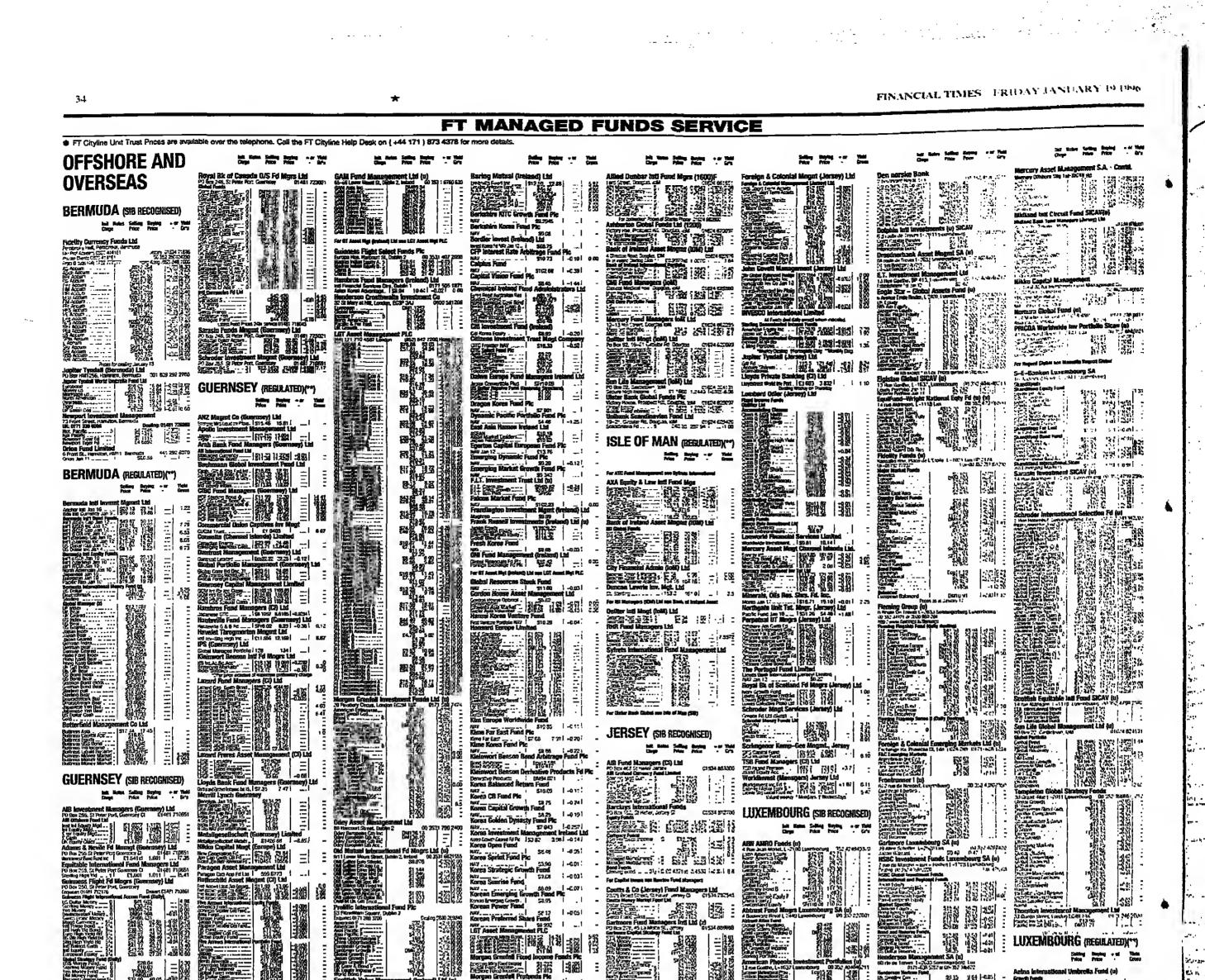
FINANCIAL TIMES FRIDAY JANUARY 19 1996

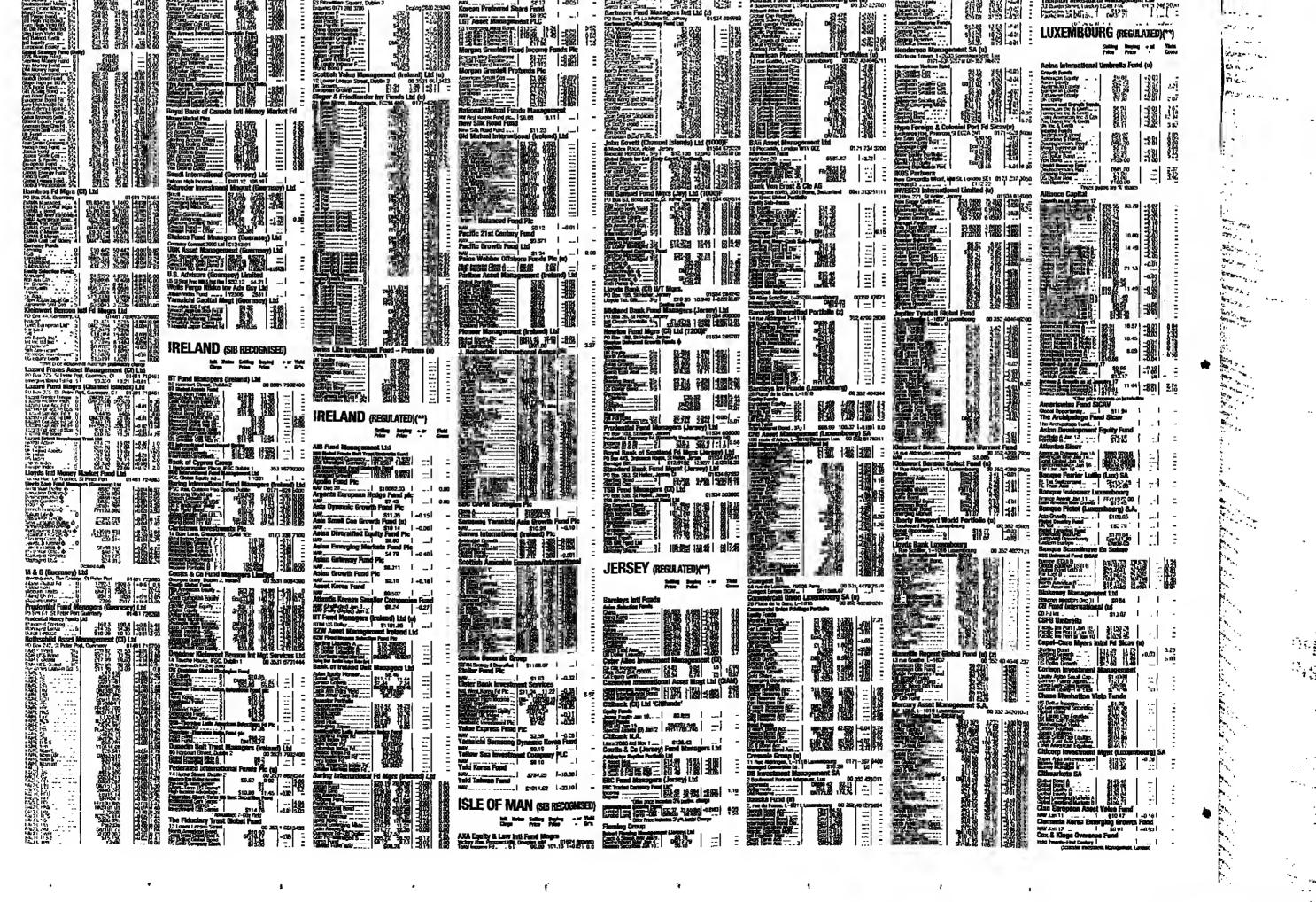
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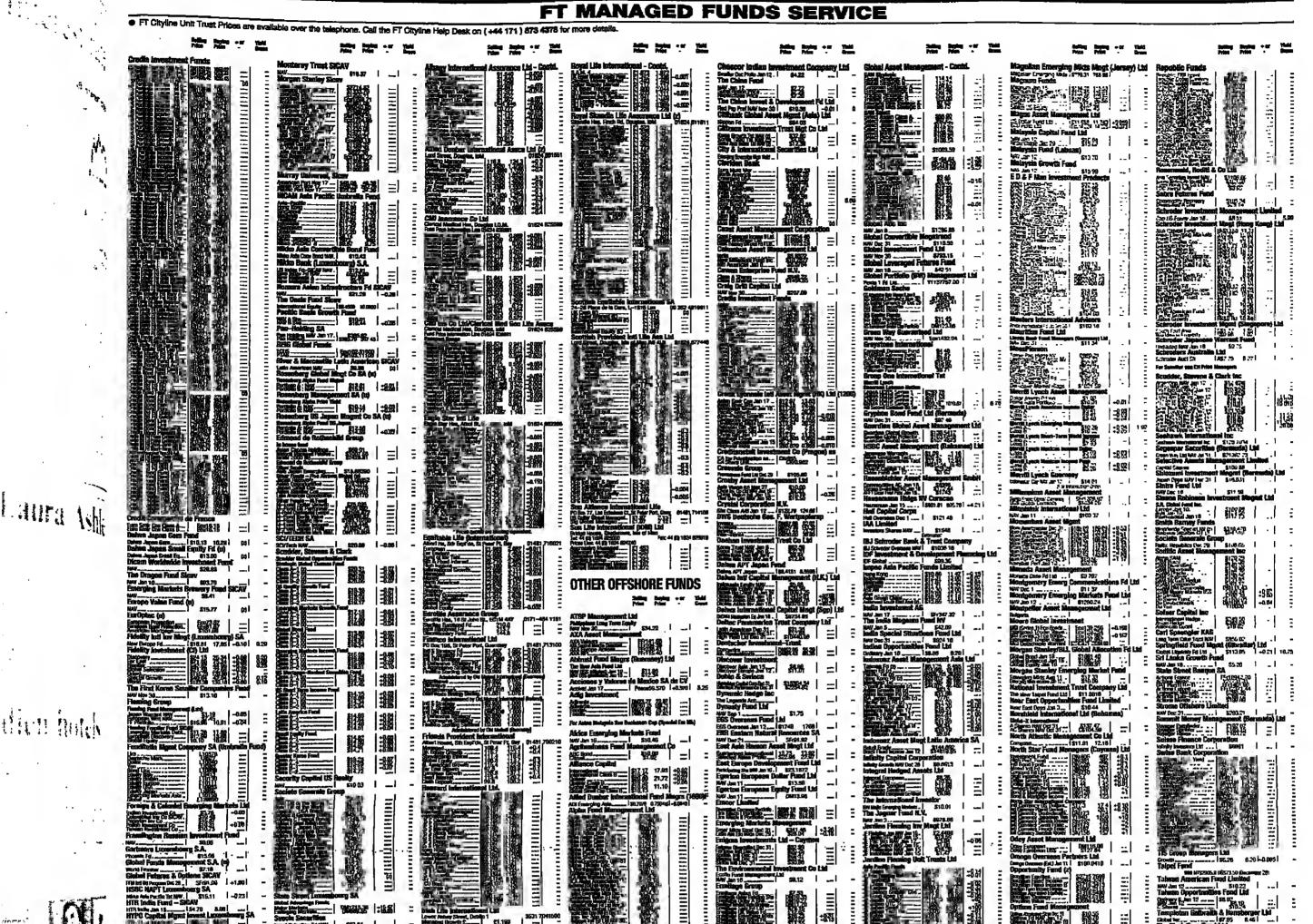
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FINANCIAL TIMES FRIDAY JANUARY 19 1996

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MARKET REPORT

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Interest rate cut helps Footsie to all-time record

By Steve Thompson, **UK Stock Market Editor**

News of a 25 basis point reduction in UK interest rates caught many marketmakers on the wrong foot and produced another power-packed performance by the UK equity market.

The market's response to the rate cut the second in two months, was immediate, with the FT-SE 100 index driven sharply higher during the day and eventually closing only a shade off its best level.

Mr Bob Semple, head of the equity market strategy team at Nat-West Securities, described the rate cut as "unfinished business," point-

Broker boost for **BAe**

British Aerospace sparkled after one agency broker reiterated its bny stance on the stock and presented a heavy valuation for the group. The stock jumped 29% to

864½p in trade of 3.1m as Henderson Crostbwaite said the shares could be worth £12 each if the company was broken up. In a note to clients, Mr Brian Newman at the broker said: "At 830p the BAe share price is trading at a 30 per cent discount to our revised break-up value estimate of 1200p per share." The broker's previous break-up estimate was 800n Sentiment was boosted further by reports that the £32bn

Eurofighter defence project, Europe's biggest, is likely to go ahead. BAe is one of the developers of the aircraft and is expected to be leading contractor on the project.

Henderson also added: "We believe the company is also close to winning further export contracts for Tornado and Hawk aircraft with associated support services,

The stock has been a strong performer in recent weeks. buoved by speculation about the flotation of Orange, the mobile phone company, British Aerospace has a 31.5 per cent stake in the group.

Forte active

Shares in Granada Group, currently bldding for Forte.

ing out that the market had expected a 50 basis point cut in December when the chancellor sanctioned a 25 basis point reduction. "Mr Clarke has been cautious and has beeo proved right," said Mr Semple.

The upward move by equities was bolstered by an equally powerful performance by gilts which, after faltering when the rate cut news first emerged, subsequently raced higher to close with big gains.

At the close, the FT-SE 100 was 44.5 higher at a closing record of 3,748.7, after reaching an intra-day record of 3,749.7 in mid afternoon. Second-line stocks also made good progress but were left well behind by the leaders; the FT-SE Mid 250

finished 3 ahead at 696p on vol-

ume of 8m, with dealers con-

tinuing to suggest the tide was

still moving in Granada's

Traders suggested yester-

day's lunchtime presentation

by Forte at UBS, its broker,

By the close, turnover had

jumped to 59m, as the shares

settled 4 ahead at 361%p,

boosted by buyers considering

Forte to be a cheap way into

Power disappoints

Scottish Power slipped 3 to

384p as hopes of a boost in the

dividend were dashed at the

that the current forecasts that

dividend would grow by

between 5 and 6 per cent could

be raised. ScotPower damp-

On the other hand, the cost

cutting enthusiasm prompted

buying of United Utilities - for-

merly North West Water and

Norweb. United was further

helped by a regulatory announcement late on Wednes-

day. Welsh Water came to an

agreement with Ofwat, the

water regulator, and analysis

believe it has paved the way

removes lingering monopoly

concerns surrounding United

company presentation.

ScotPower gave a pe

ened those hopes.

had not been well received.

favour.

Granada

gained 232.6 to 4,058.2 Leading marketmakers said they saw further upside in share prices in the sbort term, in the wake of the rate cut, with FT-SE 3,800 a distinct possibility. Admitting that the market had been caught out earlier in the week, one senior trader said there was still plenty of momentum

in the market, despite the constant political worries. These were highlighted io the press yesterday by reports that the Prime Minister might have to face another challenge to his leadership if, as expected, there was a poor showing by the Conservatives in the May local elections. This morning brings the expiry of

the FT-SE index options which gradual improvement by Wall could produce plenty of ineworks. Street when that market opened for Two of the big market operators, husiness. Goldman Sachs and UBS, were seen The Dow Jones Industrial Averto be aggressive buyers of index

age was up almost 30 points ninety options late yesterday. Dealers minutes after London closed, and apparently untroubled by the recent reported at least two big programme trades in the market, both poor numbers from Intel and the profit warnings from Wal-Mart and Opening over 6 points higher the 3M. Bank shares built on recent FT-SE 100 was always in plus terrigains, helped by the scintillating fourth quarter numbers from leadtory but began to motor an hour after the official opening of busiing US banks and buy notes from ness, with the rate cut oews producleading London brokers.

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Tobacco

Best performing sectors

Building Mats

Life Assurance

Activity in equities accelerated ing a fresh burst of strength in the sharply, with turnover at 60m reaching 945.6m shares, belped by more aggressive buying of Forte was given an additional lift by a stock, where turnover was 59m.

> to 401n, while Unichem was also in demand and raced 195. transit shelter advertising mar-

> ahead to 258. p. ket. The sbares ended 14 WEW Group slipped 1's to 15 p after it reported an 11 per Carlton Communicationa cent decrease in like-for-like improved 115 to 10425p, parsales in the four weeks over nda. the Christmas period. Turntion from Credit Lyonnais over fell by 6 per cent in the same period.

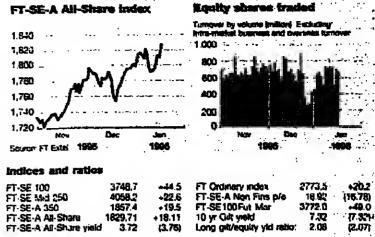
> **Courtaulds Textiles added 14** Enterprise Oil moved up 10 to 390p as Robert Fleming at 413p on the back of a posi-Securities issued a positive tive stance from BZW, the investment bank. British Gas declined a fur-Vega, the computer software

> ther 2 to 2534p on tough comgroup, moved forward 5 to 348p ments by the official regulator on well received figures and a recommendation from Beeson Interest rate enthusiasm Gregory.

> belped banks move forward Management defections at smartly with further help from the direct marketing arm of broker recommendations. SBC GGT left the shares of the Warburg and Merrill Lyncb advertising and marketing serwere voicing their enthusiasm. vices group down 19 at 211p. Standard Chartered appreci-Hopes that the latest interest ated 15 to 590p, while HSBC advanced 29 to 105212p, with rate cut might aid the flagging construction industry beloed some building and building materials stocks. Among them, Robert Fleming apparently issuing covered warrants on the stock and some dealings RMC rose 27 to 965p, Wimpey 4 reflecting switching out of the to 145p and Bryant 5 to 113p.

Hong Kong registered shares, Lloyds TSB improved 14% to 340% p, with Merrill Lynch rais- ing its 1996 profits forecast for	proe pad		CEN			EQU	Close price		Net div.			P/E net
the company from £2.1bn to	- F.P.	23.2	125	115	Century inns		118	+1				
<u>\$2.24bn.</u>	- F.P.	55.5	114	108	Dex Insurance		113		-	-	-	
Long-standing takeover can-	- F.P.	14.6	60		TCrown Proc	iucis 🛛	55		-	•	-	
didate Royal Bank of Scotland	- F.P.	13.7	90		TOmatek		73	+1	-	-	-	•
moved ahead 14 to 571p in spite	- <u>F.P.</u>	25.6	88		Jopher Split		8512			•		
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man at the annual meeting	F.P.	8.71	78		Thinn Petin		76			- 2	- 2	
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to maintain its independence.	- F.P.	1.07	105		Revelation	P'rilliv	100			-	-	
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Satisfactory business figures	- F.P.	0.76			SkyePharm		64	-4	•	-	-	
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FT-SE 100 FT-SE Mid 250	3748.7 4058.2		3710.6 4037.5	3662.7 4021.8	3028.6	3.81 3.61	2.07		2.65 12.63	1500.44 1603.77
FT-SIE Mid 250 ex Inv Trusts FT-SIE-A 350	4066.0 1857.4	+0.8 4043.8 +1.1 1837.8	1840.5	1820.2	1517.7	3.74 3.77	1.87	16.40	13.43 2.25	1608.35
FT-SE-A 350 Higher Yield FT-SE-A 350 Lower Yield	1967.4 1851.8		1647.5 1638.0			4.61	1.84 2.34		8.45 0.98	1270.39 1265.27
FT-SE SmallCap FT-SE SmallCap ex Inv Trusts	1980.22 1953.50	+0.2 1876.18 +0.2 1949.98				3.15 3.38	1,81		1.87 1.96	1602.67 1589.63
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10 MINERAL EXTRACTION(24) 12 Extractive Industries(6)	3192.27 4086.76	+0.9 3164.38 +1.2 4038.76				3.66	2.02 2.56		0.m 0.00	1343.33
15 Oil, Integrated(3) 16 Oil Exploration & Peod(16)	3238.52	+0.9 3212.98				3.80	1.95 1.48		0.00	1397.03
20 GEN INDUSTRIALS(276) 21 Building & Construction(34)	2015.96	+0.9 1996.99	2000.77	991.84	1832.77	4,10	1.90	16.09	0.54	1082.87
22 Building Matis & Merche(28) 23 Chemicale(23)	1796.01 2447.13	+1.4 1771.91	1780.99	770.84	1738.40	4.17	2.03	14.75	0.40	991.53 1140.00
24 Diversified industrials(21) 25 Electronic 2 Elect Equip(38)	1837.87 2275.42	+1.0 1816.67	1817.07	610.83	1790.78	5.37 3.17	1.56	14.76	0.00	1004,92
26 Engineering(71) 27 Engineering, Vehicles(13)	2221.18 2582.65	+1.1 2197.08 +1.0 2557.49	2204,87	203.28	1767.02	3.36	2.23	16.69	1.02	1330.28
28 Paper, Police & Printing(28) 29 Textiles & Apparel(19)	2615.97 1500.82	+0.6 2600.46	2601.94	2602.91	2786.m	3.61	2.53 1.60	12.98	0.39	1073.36
30 CONSUMER GOODS(61) 32 Alcoholic Beverages(3)	3666.10 2902.57	+0.8 3636.64	3639.52	591.25	2764.26	3.71 4.18	1.79	16.79	6.25	1334.95
33 Food Producers(23) 34 Household Goode(15)	2626.10 2699.59	+0.7 2808.64	2605.48	577.93	2290.99	3.92	1.81	17.81	0.13	1164.76
36 Heelth Care(20) 37 Phermaceuticals(13)	1922.79	+1.2 1899.95	1911.08	911.48	1567.02	2.68	1.76	26,54	1.39	1165.57
36 Tobacco(1) 40 SERVICES(254)	4906.88	+1.7 4628.40	4815.70	722.52	3706,12	4.89	1.94	13.18	0.00	1187.60
41 Distributors(32)	2281.88	+0.8 2263.77 +1.8 2570.95	2575.98 2	567.87	2479.62	2.99	2.12	18.01	2.56	1171.09 948.05
42 Leisure & Hotels(24) 43 Media(46) 44 Retailers, Food(15)	2776.71 3578.61 2060.15	+0.6 2759.76 +0.8 3657.14	3562.20 3	521.58	2662.83	3.12	2.04	26.32	4.25	1432.65
45 Retailers. General(43) 47 Breweries, Pubs & Rest.(24)	1940.21 2882.94	+0.3 2073.38 +1.2 1916.40 +0.8 2059.54	1907.23 1	886.83	1535.62	3.51 3.06 3.42	2.40 2.27 2.07	16.01	0.111 0.70 7.81	1302.54
48 Support Services(49) 49 Transport(21)	1924.70 2242.99	+0.4 1918.75	1927.40	921.78	1492.07	2.43		20.61	1.61	1374.63 1213.17 921.31
60 UTILITIES(34) 62 Bectricity(13)	2464.47	+0.7 2448.99	2457.40 2	428.03	2388.76	4.99	2.02	12.39 1	1.76	1036.03
64 Gas Distribution(2) 66 Telecommunications(7)	1679.76 2039.01	+0.6 2684.71 -0.8 1692.59 +1.2 2015.55	1770.11 1	740.58	2063.71	5.02 7.13 4.14	2.64 1.04 1.74	16.65	13.55 0.00 0.00	1277.26 842.76
68 Water(12)	2072.72	+0.8 2058.00	2060.42 2	058.94	1718.28	5.88	2.81	6.14	<u>3.8</u> 1	922.92 1124.99
63 NON-FINANCIALS(505) 70 FINANCIALS(105)	1990.64	+0.8 1914.68 +1.8 2687.60				3.76	1.88		2.79 0.32	1442.93
71 Banks, Retali(8) 72 Banks, Merchant(5)	4186.68 3580.22	+2.7 4078.21		991.86	2707.86	3.56		13.43 19.94	0.00	1342.09
73 insurance(24) 74 Life Assurance(5)	1448.76 3513.59	+1.1 1432.90 +1.8 3450.40	1439,22	409.99	1149.34	5.05 3.97	2.69		0.06	1061.84 1431.44
77 Other Financial(23) 76 Property(41)	2384.63	-0.3 2390.60	2400.m :	399.99	1886.89	3.74	1.87	17.90		1337.02
80 INVESTMENT TRUSTS(127)	3072,28	+0.5 3057.00			_	2.17			_	1064.93
89 FT-SE-A ALL-SHARE(904) TI-SE-A Redging	1829.71	+1.0 1811.90				3.72	2.01		_	1522.74
FT-SE-A Fledgling ax Inv Trusts	1121,46	+0.2 1121.31 +0.2 1118.32				3.32		18 <i>.</i> 87 15.77		1162.01 1159.60
Hourly movements										
Open 9.0			2.00	3.00	14,00	15.00	16.10			ow/day
T-SE 100 3711.0 3708 T-SE Mid 250 4033.4 4035	2 4046	4047.0 40	48.1 4	134.7 150.3	3740.4 4052.9	3744.9 4055.4	3747.0 4057.4	4058	12	3707.8 4033.4
T-SE-A 350 1840.3 1839				\$91.2	1853.7	1855.7	1858.7	1857	7.5 ·	1839.2
ime of FI-SE 100 Day's high: 240pm Day BET_SE Actuation: 350				8.1 (19/1/	96) Low: 3	2994.2 (23/1	/95].			
FT-SE Actuaries 350 Open 9.00	4	ry baskets 11.90 13.60	13.00	14.00	15.00) 16.10	Close	e Prev	10111	Change
Ridg & Cristrich 1040.7 1040.7 Tharmscaudicts 5015.7 5012.4	1051.1 1	053.1 1054.3	1055.8	1056.2	1056.2	1056.2	1058.	2 104	0.8	+15.4
Vater 2047.4 2048.2 Vater 2047.4 2048.2 Vanka, Retali 4173.7 4178.2	2049.5 2	025.1 5043.4 052.8 2055.8	5047.3 2062.2	5056.2 2064.5		2064.4	2065.2	2 204	8.2	+54,1 +17_0
		213.3 4241,4	4233.5	4239.4	4242,7			0 413 The Finar		109.8



Monst perfor Gas Distribution -08 +1.8 Alcoholic Beverages +1.7 -0.3 Textiles & Apparel +1.4 Other Financial .-0.3 Banks, Merchant ..**-0**.0

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FUTURES AND OPTIONS

(APT) # FT-SE 100 INDEX FUTURES (LEFE) \$25 per full index point Open Sett price Change High Low Est, vol . Com ist, i 3727 0 3772.0 +49.0 3780 0 3723.0 3729.0 3775.0 +49.0 3775.0 3729.0 61937 18639 # FT-SE MOD 250 INDEX FUTURES (LIFFE) \$10 per full index point 4077.0 4080.0 +20.0 4077.0 4061.5 50 3412 # FT-SE 111 INDEX OPTION (LIFFE) (*3747) £10 per full index point
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 3775 38 1 33¹2 1 41 50 21¹2 3825 1 73 211 80 3875 3 1 123 1 913 11713 3 Calls 7.548 Pues 2,909 * Underlying tailor value. † Long dated expiry months MARKET REPORTERS: Peter John. Joel Kibazo.

	TRADING				ł
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	3t	2,000	40.1	45	٦.
	ASDA Groupt	4,200	1175	-12	
	Abbey Naborolf	4,100	16012	+1015	
	Albert Fleher	1,400	471-5		
	Attied Domecq1 Anglian Water	327	5.5	- 24	
YE,	Argost	BHC	579	- 14	÷
	Arcel Groupt	2.400	3481-	-12	
_	Argyill Group† Arjo Wiggens	3,600	18312	-112	•
-	Assoc. Bot. Foods7	1.100	3715	+412	
:	Assoc, Brit, Ports	758 2,200	492	*8	
-	BAT Indet	6,600	57012	e115	
•	BET	4,200	133	. 1,	
•	BICC	1,100	207	-3	
•	BOC	983	894		•
•	CIP†	4,400	52612	152	
-	8P8 Inds.	1,100	300	+3	•
-	BSky8† BT†	14.000	397	-5	•
-	BIRT	5.400	3361	212	٠
-	Bank of Scotland	3.000	39715	1715	•
:	Barclayst	4,300	6912	-112	•
	Beest	1,400	73412	+0 ¹ 2	
22	Blue Circle†	188	33612	*72	
93	Booker	2.200	379	-	
	Britannic	065	1927 1907	*1	÷
	Bril, Aarospace	3,100	8641.	40.912	
don	Boosh Amazyst	4,900	521	+10	
	Bottah GenT	28.000	253 2	-2	•
	Sinteh Land	3,500	397	-6	
	British Steel?	6,900	164 4	+154	
	Bumah Castrolt	133	204 964	+12 +14	
	Butont	3,100	132	42	•
	Cable & Winst	3,600	456	- A	
<u> </u>	Calibury Schweppert	1,800	547	*1	
91	Carodan	2,300	212	1.3	,
	Carton Comme	1,300	10424	+144	
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to 749p.

index. With few pauses for breath the Footsie continued its upward path for the rest of the session and

Utilities. United rose 17 to 588p, December 1995 by £10m to additional lift from news that around £875m (which includes it has entered the Singapore Swalec 18 to 847p and Welsb 5 total charges of around £64m) and by £20m for the current

General institutional buying was given as the reason for the year to about £980m. The poor sentiment in Guinadvance of Geest, the shares jumping 18 to 237p. The stock ness spread to Allied Domecq. has been a strong performer leaving the shares 2 off at 539p. Elsewhere in the drinks sector, bid talk returned to the over the last few weeks, boosted by talk that several food producing groups were Sunderland based brewer Vaux looking at Geest with a view to Group. The shares gained 10 at launching a bid. Specialists dis-299p on the speculation, with volume closing at 2m.

News that 1995 profits from Independent television spirits group Guinness will be groups jumped as takeover hit by a £39m reorganisation talk returned. The Broadcastcharge sent the group's shares ing Bill, which proposes tumbling, as analysts moved to restricting ownership on the downgrade profits estimates. grounds of advertising rather than regions went before the House of Commons on Tues-Tha shares had given up 14½ to 474%p in trade of 10m by the day. Yorksbire-Tyne Tees jumped 35 to 722p, HTV 4 to 300, Scottisb Television 12 to 483p and Grampian 5 to 223p. Prospects for industry rationalisation also helped More O'

FINANCIAL TIMES EQUITY INDICES

2773.5 2753.3 2760.7 2727.0 2720.9 2309.9 2773.5 2238.3 Ord, div. yield P/E ratio net P/E ratio nil
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 "For 1995/99, Ordinary Date: 1/7/35, high 2773.5 18/01/96; low 43.4 264

Open	9.00	10.00	11.00	12.00	13,00	14.00	15.00	16.00	High	Low
2754.0	2751.0	2753.0	2757.5	2752.0	2763.6	2767,2	2769.9	2770.1	2773.8	2751.3
			Jan 18	Jar.	17	Jan 18	Jan 1	15 Je	an 12	Yr ago
SEAQ be	argains		39,81	9 34	159	31,304	30,6	17 2	9,603	18,416
Equity to	mover	(Em)†		- 19	37.4	1966,4	1210	5.2 1	922.4	1413.4
Equity b	rgainst			- 38	1896	37,930	34,8	85 3	6,231	27,505
Shares 1				- 6	96.6	713.5	556	9.0	728.8	810.3
†Excluding	intra-mi	arlant burn	nees and	0101308	s turnove	r.				

close, with the market also dis-
appointed by the weaker than
expected performance in
Japan, also highlighted yest-
erday.
Analysts downgraded profit
estimates for the year to

counted the bid talk.

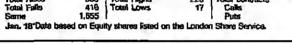
estimates for the year to Ferrall, which received an

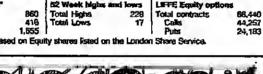
Jan 18 Jan 17 Jan 18 Jan 15 Jan 12 Yr ago "High "Low

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pen	9.00	10.00	11.00	12.00	13,00	14.00	15.00	16.00	н
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for its merger with Sonth Wales Electricity not to be	†Excluding Intra-market business and overseas turnover.						
referred to the Monopolies and Mergers Commission.	E London mar	ket da	ta				
The removal of worries over Welsh and Swalec also	Rises and fails" Total Rises Total Fails	860	52 Week Mghs and lows Total Highs 229 Total Lows 17	LIFFE E			





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	CI Lim	ited	Λ	N b						
1			2							
(Reg	istration number 66/06888/06	3)	C	23						
1 N 1	companies mentioned are in SROUP GOLD				1999					
3	Summary of re		arter en							
	Randfor	_	-							
	The Rendfontein Estates Gold		ny Witwetersram		日本					
				Six months ended	記録					
o	re milled - tons (000)	31.12.95 1 834	30.09.95 1 772	31.12.95 3 606						
W	eld – grams per ton onking cost	3,04	3,26	3,15	1					
	per ton milled per kilogram produced	R129,77 R42 706	R127,69 R39 227	R128,75 R40 936	1					
	rofit before tax	28 137	R000 44 835	FI000 72 972	1. 2					
Di	ofit after tax vidends	25 135 33 625	31 609	56 744						
<u> </u>	apital expenditure	13 274	13 341	26 615	10					
	Western Areas Ge	old Mining Com	pany Limited		2					
· [Six months	1.4					
		31.12.95	30.09.95	ended 31.12.95	1.1					
YI	re milled – tons (000) eld – grams per ton orking cost	721 6,58	683 6,65	1 404 6,61						
	per ton milled per kilogram produced	R243,24 R36 983	R247,37 R37 190	R245,25						
	ofit before tax	R000	R000	R000	-					
· Pr	vidends	53 570 36 108	49 291	102 861 36 108						
,: Ca	apital expenditure	101 991	67 647	169 638	1					
6 · L	H. J. Joel									
	H. J. Joel Gold	Mining Company	y Limited		1000					
	H. J. Joel Gold		y Limited 195/06	Six months	- ALLER AND					
	H. J. Joel Gold Registration	Mining Company number 85/019 Quarter 31.12.95	y Limited 95/06 ended 1 30.09.95	ended 31.12.95	THE REAL PROPERTY.					
YI	H. J. Joel Gold Registration re milled – tons (000) eld – grams per ton	Mining Company number 85/019 Quarter	s5/06 ended	ended						
W W	H. J. Joel Gold Registration re milled – tons (000) eld – grams per ton orking cost per ton milled	Mining Compar number 85/019 Quarter 31.12.95 199 5,65 R240,92	v Limned 85/06 ended 5 30.09.95 198 5,77 F251,57	ended 31.12.95 397 5,71 F246,23	The second second					
¥ ¥ 1	H. J. Joel Gold Registration re milled – tons (000) eld – grams per ton orking cost per ton milled per kilogram produced	Mining Compare number 85/018 Quarter 31.12.95 199 5,65 R240,92 R42 655 R000	ended \$ 30.09.95 198 5,77 R251,57 R43 579 R000	ended 31.12.95 397 5,71 R246,23 R43 121 R000	になるとなるとないないである。					
YI W 	H. J. Joel Gold Registration re milled – tons (000) eld – grams per ton orking cost per ton milled	Mining Company number 65/019 Quarter 31.12.95 199 5,65 R240,92 R42 655	ended \$ 30.09.95 198 5,77 R251,57 R43 579	ended 31.12.95 397 5,71 R246,23 R43 121						
ŶŴ - Pr Ca	H. J. Jost Gold Registration re milled – tons (000) eld – grams per ton orking cost per ton milled per kilogram produced ofit/(loss) from gold apital expenditure I figures are unaudited alled to the shareholden	Mining Compare reamber 65019 Quarter 31.12.95 199 5,65 R240,92 R42 655 R000 3 048 28 682 d. Quarterly s of each co	ended \$ 30.09.95 198 5,77 R251,57 R251,57 R43 579	ended 31.12.95 397 5,71 R246,23 R43 121 R000 5 333 48 333 ave been bies of the	になるないないないで、「日本のないない」					
	H. J. Joel Gold Registration re milled – tons (000) eld – grams per ton orking cost per ton milled per ktilogram produced ofit/(loss) from gold apital expenditure	Mining Compare reamber 65019 Quarter 31.12.95 199 5,65 R240,92 R42 655 R000 3 048 28 682 d. Quarterly s of each co	ended \$ 30.09.95 198 5,77 R251,57 R251,57 R43 579	ended 31.12.95 397 5,71 R246,23 R43 121 R000 5 333 48 333 ave been bies of the	いたないないないないでなったのにないないないである					
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Yi YW Pr Ca All maren 6 5 10 19	H J. Joel Gold Registration re milled – tons (000) eld – grams per ton orking cost per ton milled per kilogram produced offt/(loss) from gold apital expenditure I figures are unauditer ailed to the shareholden ports may be obtaine St James's Place, Londo hanneaburg January 1996 SHORE	Mining Compare mumber 65019 Quarter 31.12.95 199 5,65 R240,92 R42 655 R240,92 R42 655 R200 3 048 28 682 Cl. Quarterly s of each co on SW1A 1N State of the state of the state of from JC co State of the state of the	y Limbed 5506 ended 30.09.95 198 5,77 R43 579 R000 2 285 19 651 reports hampany. Cord 1 (London) P.	ended 31.12.95 397 5,71 F246,23 R43 121 R000 5 333 48 333 ave been bies of the Limited,	657					
	H. J. Joel Gold Registration re milled – tons (000) eld – grams per ton orking cost per ton milled per kilogram produced ofit/(loss) from gold apital expenditure I figures are unaudited apital expenditure I figures are unaudited ports may be obtained St James's Place, Londo hannesburg January 1996 SHORE SHORE POWLES	Mining Compare reamber 65019 Quarter \$1.12.95 199 5,65 R240,92 R42 655 R000 3 048 28 682 d. Quarterly s of each co od from JC on SW1A 1N 5 00A has 20 of the Fir 100 page WHY, CA The Sto COAL SE 36	y Limbed 8506 ended 30.09.95 198 5,77 R43 579 R43 579 R43 579 R000 2 285 19 651 reports hu mpany. Cor cl (London) 49. 44 71 35 1954 44 77 135 1954 452 5220172	ended 31.12.95 397 5,71 R246,23 R43 121 R000 5 333 48 333 ave been bies of the Limited,	657 017					
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Pr CC All M T T S S S S S S S S S S S S S S S S S	H J. Joel Gold Registration re milled – tons (000) eld – grams per ton orking cost per ton milled per kilogram produced offt/(loss) from gold apital expenditure I figures are unauditec alied to the shareholdem ports may be obtaine St James's Place, Londo hanneaburg January 1996 SHORE SHORE SHORE PANIES	Mining Compare manufer 65019 Quarter 31.12.95 199 5,65 R240,92 R42 655 R200 3 048 28 682 d. Quarterly S of each co of from JC on SW1A 1N S of each co of from JC on SW1A 1N	y Limited 8506 ended 30.09.95 198 5,77 R251,57 R43 579 R000 2 285 19 651 reports hu mpany. Cor (London) IP. Tel work with Res observed 402 8154 4171 35 106 4171 35 106	ended 31.12.95 397 5,71 F246,23 R43 121 R000 5 333 48 333 ave been bies of the Limited, 70 ready-main fre: 44 7145 39 Fre: 44 7145 39 Fre: 44 7145 39 Fre: 44 7145 39 Fre: 45 25:111 Fre: 45 25:115 Fre: 45	657 017 67					



BUSINESS INFORMATION



THE RIGHT **BUSINESS INFORMATION**

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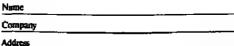
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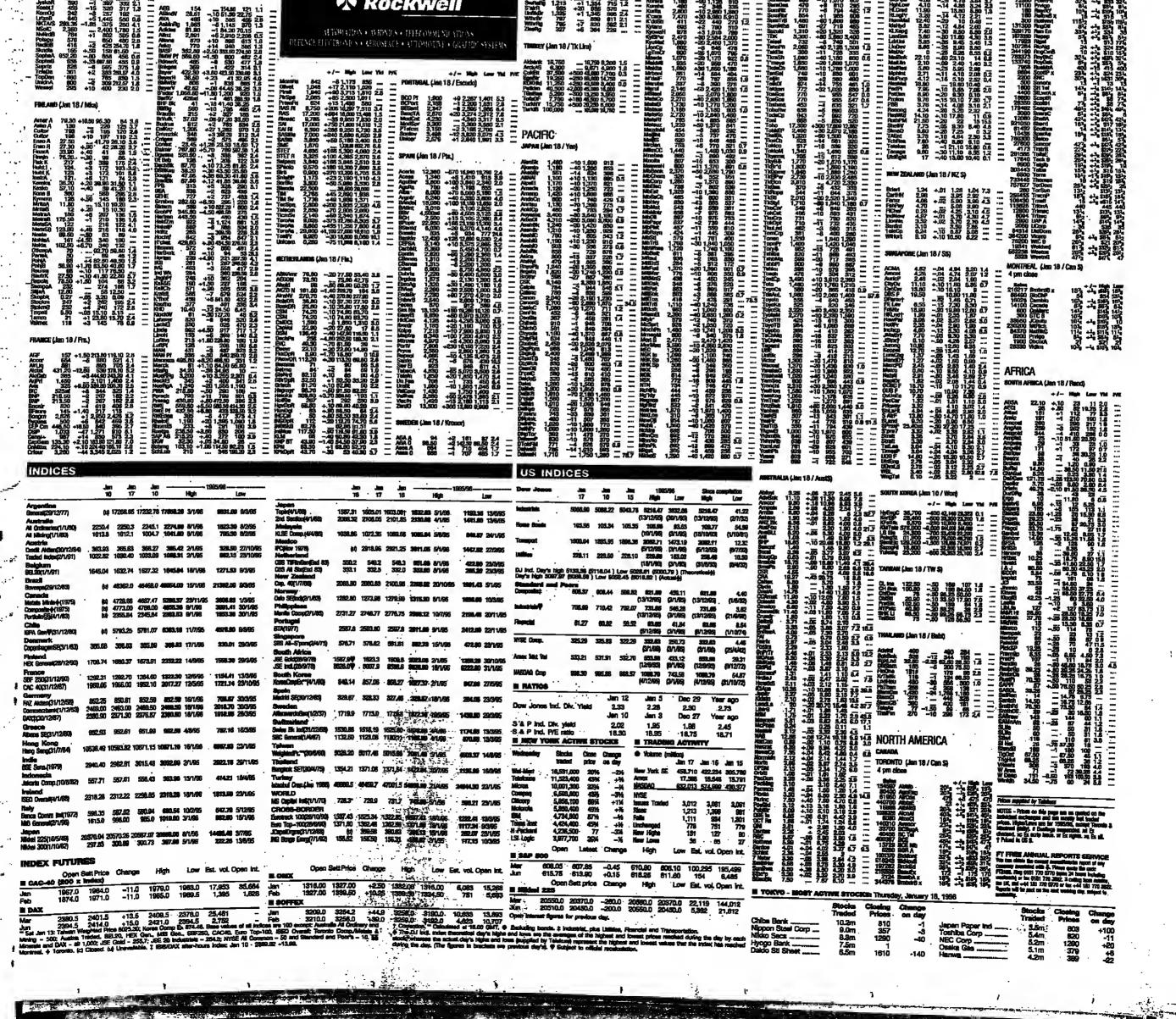
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FINANCIAL TIMES FRIDAY JANUARY 19 1996 ★

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WORLD STOCK MARKETS

FINANCIAL TIMES

Friday January 19 1996

AMERICA Caterpillar, **IBM** results support Dow

Gains on the Dow came from

IBM, for example, jumped

\$614 or 7 per cent at \$93% after

reporting fourth quarter earn-

ings before charges of \$3.66 a share. 21 cents a share ahead

Caterpillar added \$6% or 12

per cent to \$60% on fourth

quarter earnings of \$1.53 per

share, 27 cents a share ahead

specific issnes that reported

ositive news yesterday.

of analysts' estimates.

most analysts expected.

consumer goods company.

Canada

46m shares.

of estimates.

Wall Street

40

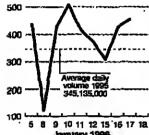
US stock prices were mixed in midday trading yesterday as a wave of strong earnings reports spurred gains in blne chip issues while a drop in Viacom shares sent the American Stock Exchange composite lower, writes Lisa Bransten in New York.

At 1pm the Dow Jones Industrial Average was 19.15 higher at 5,086.05, while the Standard & Poor's 500 slipped 0.47 to 605.90.

Volume on the Naw York SE came to 269m shares.

NYSE volume

Daily (million)



January 1996

The Nasdaq composite added 4.70 at 1,003.00 as investors anxiously awaited results expected after the market closed - from Microsoft, the largest company in the index. In early trading, Microsoft shares were \$1% higher at \$86%

The Amex fell 4.55 at 528.66 amid losses in Viacom.

The shares of the cable group fell \$1 or 3 per cent to \$38 after it announced late on Wednesday that it had fired Mr Frank Biondi, its president and chief executive.

São Paulo weakens

São Paulo was lower for the third consecutive day during midsession trading on worries about the progress of the government's social security reforms being considered by

Doubts emerged after the chamber of deputies delivered

Exchange. by comments from President Fernando Henrique Cardoso on Wednesday when he stressed that he was confident about

response to a short covering

rally that had sent prices

higher on the London Metal

the economic outlook for 1996. MEXICO CITY was steady in early trade, although some onying was seen after satisfactory employment data were

EUROPE Fokker dives by 20% after rescue talks stall

the Dow flattened out in the

late US morning. However, the

Dax index still produced

another all-time closing high,

13.99 higher at an Ibis-indi-

cated 2,389.62. Turnover was

Continental, the tyremaker,

rose DM1.10, or 4.9 per cent to

DM23.70 for an 18.5 per cent

Mr Christopher Will at Leh-

man Brothers said that the company had held a meeting

with automotive analysts at

Hanover on Tuesday, and had

said that its strategies were

DM10.3bn

gain this month.

the current year

There was heavy and persistent selling of Fokker in Fokker AMSTERDAM and the aircraft manufacturer's shares plunged Share price (Fi) at the opening of the session by 30 per cent. However, they 25 staged a partial recovery to finish off FI 1.70 or 20 per cent at 20 F1 6.90.

15

10

1994

cent from 4.45 per cent, and also trimmed the same amount

However, there was further

evidence yesterday of problems

ahead as a survey of French

analysts revealed that fore-

casts for 1995 and 1996 corpo-

rate earnings growth had again

from its five-to-10 day rate.

Ource: FT Extel

65

98

investors began to sell when appeared that talks on a financial package to rescue the group between the Dutch government and Daimler, which has a 51 per cent stake, looked as if they had reached an inconclusive deadlock. There were suggestions that

the main problem in the negotiations was the fact that the Dutch state was only prepared to inject a comparatively small sum of cash into the rescue operation.

McDonalds added \$2% to the It was believed that Fokker needed an immediate injection of F12.3bn if it were to avoid insolvency, and that Daimler had hoped the state would contribute up to Fl 1hn. The AEX index softened 0.07

unchanged at \$19% although to 504.93. the investment bank reported earnings of 76 cents a share. about 8 cents stronger than Maybelline added \$21/2 at \$42¼ on a bidding war to take over the US cosmetic maker, L'Oreal yesterday increased to 1.960.06. its bid for the company to \$41

to counter Wednesday's offer intervention rate to 4.20 per from Benkiser, the German

ASIA PACIFIC

Nikkei retreats 1%, Kuala Lumpur hit by rate rise

The rise in the yen and an overnight decline on Wall Street depressed investor confiat 4,786.99 in heavy volume of dence and the Nikkei average fell back for the first time in Alcan Aluminium, which three trading days on active selling by domestic institureported earnings on Tuesday,

jumped C\$1% to C\$41%, in tions, writes Emiko Terazono in Tokalo. The 225-share index shed 200.22 or 1 per cent to 20,370.04, having fluctuated between 20,297.89 and 20,537.17.

Volume was 450m shares, against 544.5m. The Topix index of all first section stocks lost 17.70 or 1.1 per cent at 1,587.31 and the Nikkei 300 dipped 3.06 to 297.83. Declines led rises by 903 to 185, with 130 issues unchanged. In London the ISE/Nikkei 50

index firmed 0.85 to 1,402.95. Banks and life insurers, which need to realise profits on In Osaka, the OSE average

Roundup

KUALA LUMPUR fell sharply across the board on beavy selling triggered by Bank Negara's move to push up short-term interest rates to support the currency. The composite index ended 33.49 or 3.1 per cent down at 1.038.86.

But analysts noted that the market was due for a correction after its recent sharp gains, and the central bank move magnified the selling. SEOUL was depressed by newspaper reports that the government would not take long-awaited action to support share prices, and the composite index dipped 7.92 to 849.14. Securities houses also presactivity offset sharp gains in the golds sector. The All Ordinaries index edged up 0.1 to 2,250,4 in volume of 278.2m shares worth A\$531.2m. The golds index rose 54.3 or 2.6 per cent to 2,134.8.

touched 4.987.98.

BHP, CRA and banks, and this

FT-SE Actuaries Share Indices THE EUROPEAN SERIES Jan 18 Open 10.30 11.00 12.00 13.00 14.00 15.00 Dose Hourly changes FT-SE Euroback 100 1528.55 1527.20 1527.50 1529.25 1538.34 1533.69 1535.63 1537.43 FT-SE Euroback 200 1622.51 1622.85 1627.95 1625.95 1627.14 1631.01 1632.38 1633.89 Jan 12 Jan 17 16 مط Jan 15 1510 88 1602 89 1514.02 1525.34 1522.85 FT-SE Evolution 100

1602.63 1584 49 FT-SE Eurotrack 200 1616.45 1617 53 100 - 1538.02; 200 - 1636.81 Loncing: 100 - 152/ 20 200 - 1621 24 (Partial Base 1000 (25710/90); High/23y prime minister, strong bonds proved in line with the fore-

casts of Swiss analysts, but and a firm lira. The Comit index rose 10.73 to 598.35 while below those of their UK counthe real-time Mibtel index fin-ished 214 higher at 9,558, off a terparts. The group also announced that it expected a peak of 9,589. marked increase in 1995 net The market wants Mr Dini to continue as prime minister." said Mr John Stewart at Inter-

based support."

was likely to be good news for

is a government with enough

backing to push through diffi-

then get down to the all-impor-

Europa in Milan. "The reason that shares did not collapse when Mr Dini resigned was an

Zurich commented that Roche was being supported by a weakening of the tranc against the dollar and expectations that the group would have the fastest growing net profit among the pharmaceuticals companies. There was also a "certain fantasy" over the level of the Jubilee bonus, yet to be announced, that the company had promised to pay to investors this year to mark its cen-

deficit." MILAN rose 1.8 per cent, supported hy signs that Mr Lamberto Dini may remain as

was in talks on a link with Bull, the French computer company.

BRUSSELS climbed to a record close. fuelled by sharply rising bonds, the stronger dollar and a further round of bank takeover speculation that pushed BBL sharply higher. The Bel-20 index finished 12.30 higher at 1.645.04 as BBL jumped BFr200 to BFr5.840. The holding company, GBL, picked up BFr90 to a new high of BFr4 240.

36.11

1504 40

MADRID's utilities and banks responded to the day's interest rate news and help the general index close 1.34 higher at a new life high of : 329.67. Banesto's forecast of a sharp rise in 1996 profits left it Ptas higher at Pta835.

in utilities, iberdrola continexpectation that he would ued its advance after a further buy recommendation from CS return, but with more broadly First Boston. The shares tose Mr James Cornish at Nat-West Markets in London, said Pta20 to Pta1,185, up 4.4 per cent on the week so far, and by 69 per cent from its 1995 low. that if Mr Dini were to be reappointed for another term, it **HELSINKI** was supported by

Nokia and the stronger dollar The HEX index rose 1.7 per the market. "What Italy needs cent to 1,708.74 in turnover.of FM352m. Nokia, which accounted for 44 per cent of the total volume, added FM5.90-to cult political decisions. It could tant task of cutting the budget FM162.40.

> Written and edited by Willia Cochrane, Michael Morgan

Olivetti added L16 to L1.043 the centre of attention. Sandoz after its sharp four day slide. rose SFr27 to SFr1.032 as the as the company denied that it John Pitt group's 1995 sales figures 2.400 level, and lost it a little as

night. The Hang Seng index mance, rising HK\$1 to HK\$119.

ment maker for cars, jumped

Y15 to Y701. receded 277.27 to 21.795.04 in

volume of 312.7m shares.

as profits were taken following the decline in some of the region's major markets. The SET index receded 16.85 or 1.2 per cent to 1,354.21 in heavy turnover of Bt8.8bn, with finance and bank issues bearing the brunt of selling.

Brokers said the market also turned weaker on reports that the central bank had asked commercial banks to delay cutting lending rates until domestic economic fundamentals had improved.

Nava Finance shed Bt3.50 to Bi85 on a rumour that its foreign partner, W.L Carr. might pull out of its co-operation agreement when the annual contract expires later this year, SYDNEY gathered profits in

shed 57.33 to 10.536.49 in turnover of HK\$9,9bn, which included a HK\$3.6bn Hong Kong Telecom placement by Citic Pacific and one by property company Chinese Estates

TAIPEI recovered from early worth HK\$425m. HK Telecom retreated 55 losses in thin trade on bargain hunting. The weighted index added 10.72 at 5,028.20, having cents to HK\$14.55 after Citic Pacific and its parent sold 253m Telecom shares at HK\$14.35 each. Citic Pacific MANILA ended lower for the third consecutive session as climbed 35 cents to HK\$28.50. fears over the inflationary at HK\$6.30 after its chairman impact of a rise in the minimum daily wage hurt sentiplaced 68m shares with institument. The composite index tions at HK\$6.25 each.

tumbled 17.5 to 2,731.27. was talk of an issue of 25m warrants on HSBC at HK\$2.36 HONG KONG closed moderately easier in reaction to the

SINGAPORE was weak for much of the day on profit taking, forced selling and some small-scale short sales before some late demand enabled the Straits Times Industrial index

to close 6.21 up at 2,396.27. Malaysia's Berjaya Group was actively traded, falling 4.5 cents to 98.50 cents after. reporting a 77 per cent plunge in its first-half net earnings. SHANGHAI and SHEN-ZHEN's local currency A indices dropped on fears of market. indigestion after Inner Mongolia Yill was cleared to issue Analysts added that there 17.2m shares on January 25. Shanghai's A index fell 21,332 or 3.8 per cent to 533.022 and Shenzhen's A index 3.57 or 8.2

Chinese Estates held steady

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. .,

-1.52

latest batch of cash calls and each. The banking giant Wall Street's weakness overrepeated Wednesday's perforper cent to 108.75. / 🗯 🔥

Toronto was firm at midday, benefiting from demand atemming from pension fund contributions flowing into equities in search of a tax haven, and a Tokyo strong showing in base metals issues The TSE-300 Composite index was 13.99 higher by noon

bringing the shares to \$48%. At mid-session on Wednesday, the company announced that it planned to speed up the opening of new restaurants. Elsewhere, Bear Stearns was

\$1% it rose on Wednesday,

FFr29 or 5 per cent to FFr522,

PARIS got what it wanted when the Bank of France cut

interest rates and, having talked up the market all week on the possibility, investors

been cut. Evidence of the general corporate malaise was provided by Générale des Eaux, off

took profits and the CAC-40

index eased slightly, losing 5.94 The Bank of France cut the

after forecasting losses in 1995 of between FFr3bn to FFr3.5bn. 38.5 to 3.257.8. Volume picked up sharply as it became clear FRANKFURT shrugged off that support was firm at the 3.200 level. the Bundesbank's expected lack of action on key interest Pharmaceuticals remained at rates this time, made another couple of forays towards the

changing: the buzzword now was "shareholder value" income Roche certificates, under On Tuesday, said Mr Will, pressure on Wednesday after Conti stated that it was preannouncing 1995 sales figures, pared to form a joint venture, or sell its loss making US and bounced back, collecting SFr160 to SFr8,930. European subsidiaries if neces-Mrs Birgit Kulhoff at UBS in sary. The absence of losses here, he said, would add some 25 per cent to earnings which

were expected to rise from around DM1 for 1995 to between DM1.50, and DM1.60 in ZURICH turned higher after the consolidation of recent days and the SMI index rose

published. The IPC index was a defeat to the government by 11.47 up at 2,930.43 by noon. BUENOS AIRES had barely rejecting, late on Wednesday, a proposal which would have levied pension contributions moved by midday as investors generally kept a watchful eye on retired people. By midday the Bovespa on developments in the US. index was off 259.61 at 48,103. The Merval index was 2.90 The market was unsurprised points off at 530.96.

Golds sector down in S Africa

Gold stocks fell back after a index receded 37.7 to 1,585.6. Volatile day's trading during De Beers declined R1.25 to volatile day's trading during which the price of bullion slipped below the \$400 an ounce level. In contrast, industrials remained well sought, although some profit-taking was evident.

Foreign institutions were seen as sellers of gold shares in spite of encouraging quar-terly results from JCI and Anglo, which appeared to have little impact on the sector at large. Dealers forecast that there

was now a strong possibility that industrials could enter a period of consolidation following the recent rises.

The overall index lost 19.8 to 6.816.9, industrials rose 13.8 to 8,621.7 and the gold shares

R121.75 on news that an agreement with Russian diamond producers, which had been rumoured earlier in the week, was still some way off. Analysts said it was unclear how long it would take to work out an agreement on the sale of Russian gems throngh De Beers' London-based Central Selling Organisation. Anglos fell E3 to E259 as investors generally ignored its forecast that it expected gold production at its Vaal Reefs Exploration and Mining gold mine to rise by about 3 per cent during 1996, compared with the levels seen last year. Vaal Reefs lost R3 to R308 and Vor direct Dat to R508 and Y110 to Y1,180 and Daido Steel Sheet Y140 to Y1,610. But Stan-JCI dipped R1 to R33.50. ley Electric, an electric equip-

their portfolios ahead of the sured the index with continued March book closing, continued selling to raise funds for entry to sell holdings. They took into the investment trust busiprofits on consumer electronness early in the first quarter. Samsung Electronics fell Won1,500 to Won129,500 and ics, high-technology and steel issues during the afternoon. Overseas investors, on the LG Electronics was Won700 other hand, bought utilities and material manufacturers.

Individuals, meanwhile, dumped speculative issues following the plunge in Kanemat-su-NKK, a building materials trader, on Wednesday. The stock had been a favourite among speculators and yesterday lost Y400 to Y2.370. Crude oil prices retreated on

rumours that economic sanctions against Iraq might be lifted, paving the way for that country to resume exporting oil, and prompting a decline in oil shares. Telkoku Oil dropped Y14 to Y674 and Arabian Oil Y230 to Y4,310. Technology isaues were lower. Toshiba fell Y11 to Y820, Fujitsu Y20 to Y1,140 and Sony Y130 to Y6.500. Profit-taking also depressed steels, with Nippon Steel off Y3 at Y357. Speculative stocks loat ground. Nitto Chemical shed

lower at Won24,300. Trading in Woosung Construction was halted after it defaulted on debts. Woosung Tire, its subsidiary, fell Won600 to its lower limit of Won9,800, while Korea First Bank, a major holder of Woosung's debt. lost Won230 at Won6,570. **BOMBAY** recovered from intra-day lows, but remained worried by the underlying political problems. The BSE-30 index shed 22.51 to 2,940.40. Dealers said the market fell

initially on concern about corruption charges that had been laid against several leading politicians, before it regained some ground on short-covering and bargain hunting.

Corporate stories included Tisco, down Rs4.75 to a new 52-week closing low of Rs167.50. Dealers said the stock was affected hy fears that a slowdown in the domestic economy might affect demand for its steel products. BANGKOK was sharply off

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REGIONAL MARKETS Figures in parantheses US show number of lines Dollar of stock index	US	Day's Pound Local Local G						Gross	US	Pound	JANUAR	10 199	Local	DOLLAR N		Year
		Change	Sterling	Yen	DM	Cumency		Div.	Dollar	Sterling	Yen	DM	Currency :	52 week !	2 week	300
	%	Index	Index	Index	Inclex	on day	Yield	index	Index	Index	Index	Index	High	Low	(approx	
ustralia (81)		-0.2	185.90	127.96	146.12	172.30	0.1	3.68	192.38	185.36	128.52	145.78	172.04	196.40	157.95	165.6
ustria (26)		-0.8	176.75	121,66	138.93	138.75	-0.4	1.58	183.99	177.28	122.92	139.43		199.28	167.48	
elgium (34)		-0.1	206.52	142.15	162.33	158.25	0.3	3.30	213.44	205.65	142.58	161.74	157.75	215.22	166.66	
ra_1 (28)		-0.3	148.58	102.27	1 16.79	274.A7	-0.3	1.61	153.89	148.28	102.80	116.61	275.38	160.23	86.06	
aneda (101)	_148.24	0.0	144.57	99.51	113.83	147.87	0.2	2.62	149.21	143.76	99.66	113.07	147.64	153.19	121.81	126
enmark (33)		-0.4	292.05	201.02	229,56	232.27	0.1	1.41	302.74	291.70	202.24	229.41	231.94	302.74	246.19	252
inland (24)		-0.6	169.43	116.62	133.18	163.33	0.1	1.95	175.94	169.53	117.54	133.33		276.11	171.13	189.
rance (99)		0.1	178.64	122.96	140.41	144.75	0.6	3.01	184.12	177.41	123.00	139.52		181.17		
lermony (50)		-0.S	162.44	111.81	127.68	127.68	-0.2	1.87	168.77	162.S1	112.75				157.79	162
long Kong (59)		-0.8	399.79	275.18	314.23	409.67	-0.8	3.50	416.27	401.09		127,89		169,49	139.77	142.
stand (16)		0.3	252.94	174.11	198.82	232.34	-0.0	3.50	260.29	250.80	278.00	315.44	413.23	416.27	277.40	
aly (59)		0.0	70.69	48.66	55.56	86.33					173.89	197.24	230.36	262.70	204.97	209.
apan (482)	153.94						0.4	1.69	72,85	70.26	48.73	55.28	85.96	82,71	65.45	79,
		0.9	149.02	102.57	117.13	102.57	0.1	0.74	153.36	147.37	102,45	116.22	102.45	164.82	136.95	152.3
lataysta (108)		0.1	508.97	350.33	400.05	517.31	-0.1	1.61	524,74	505.60	350.55	397.64	517.97	561.96	398.16	440.
laxico (1B)		0.1	1103.18	759.32	867,10	9338.15	-0.3	1.49	1137,83	1096.33	760.12	862.23	9370.76	1237.14	647.81	1206.
etherland (19)		-0,3	265.49	182,74	208.69	205.18	0.2	3.1\$	274.96	264.83	183.69	208.38	204.84	280.49	217.89	217.
ew Jealand (14)		-1.2	75.13	51.71	59.05	62.14	-12	4.67	78.52	75.66	52.45	59.50	62.93	85.49	71.22	71.
lorway (33)	.230.33	-0.7	223.12	153.58	175.38	200.72	-0.2	2.09	232.05	223.59	155.02	175.84	201.20	243,79	202.76	207.3
ingapore (44)	_430.33	0,4	416.87	286.94	327,66	293.81	-0.3	1.43	428.58	412.95	286.31	324.77	281.54	430.33	313.94	351.0
outh Africa (45)	429.05	0.9	415.83	286.09	326.60	341.52	0.8	3.47	425.64	410.11	284.35	322.54	338.71	429.05		
ipain (37)	.166.20	-0.1	161.00	110.82	126.55	155.37	0.5	3.95	166.41	160.34					281.05	305.7
weden (47)		-1.2	296.08	203.80	232.73	301.73	-0.5	1.99	309.44		111.17	126.11	154.67	168.91	124.10	128.1
wizerland (40)		-1.3	219.04	150.77	172.17	165.63	-0.7	1.61		296.15	206.72	234.48		324.31	232.23	239.1
hailand (46).	164 69	0.0	178.90	123.14					229.15	220.79	153.08	173.64	166.80	239.55	162.35	164,6
Inited Kingdom (206)					140.62	181.17	0.0	2.25	164.70	177,96	123.39	139.96	161.15	165.37	130.15	141.4
		-0.7	220.83	152.00	173.58	220.83	-0.2	4.20	229,59	212	153.38	173.98	221.22	232.23	191.53	194.2
ISA (632)		0.2	239.24	164.68	188.05	245.97	0.2	2.20	247.48	238.45	165.33	187.54	247,48	253.50	190.22	192.5
mericas (779)	. 225.69	-0.2	218.63	150.49	171.85	169,69	-0.2	2.29	226.14	217,99	151.07	171.37	190.06	231.18	175.22	177.3
uropė (733)		-0.6	194.23	133.69	152.67	172.68	-0.1	3.04	201.65	194.29	164.71	152.81	172.78	204.32	167.26	169.1
ordic (137).		-0.9	263.80	181.44	207.20	233,50	-0.3	1.89	274.70	264.68	183.61	206.16	234.25	295.02	222.22	229.2
acific Basin (834)	-165.75	0.2	160.57	110.52	126.21	113,82	0.0	1.17	165.45	159.41	110.53	125.37	113.79	171.87	145.83	158.7
uro-Pacific (1567)	180.12	-0.2	174,49	120.10	137.15	136.20	0.0	2.04	180.42	173.84	120.53	136.72	138.22	183.39	154.73	
lorth America (733)	.240.91	-0.2	233.37	160.63	183,43	240.29	-0.2	2.30	241.39	232.58	161.28	182.92	240.76	246.93		162.6
MOD# Ex. LIK (527)	181.07	-0.5	175.41	120.73	137.87	145.94	0.0	2.39	181.95	175.32					186.14	168.4
есас Ех. Јарап (352)	_277.B4	-0.4	269.15	185.26	211.58	245.35	-0.4	3.01	278.83		121.55	137.88	145.91	184.81	148,99	151.8
Vorid Ex. US (1759)	191 70	-0.1	176.01	121.15	138.35	140.35	- C.C.	2.08		268.66	186.27	211.30	246.27	278.83	211.19	224.8
Vond EX. UK (2185)	108 80	-0.1	192.58	132.56	151.37	156,18			181.95	175.31	121.55	137,88	140.33	164.71	155.42	163.6
World Ex. Japan (1908)	.228.25	-0.3	221,11	152.18	173.79	196.18 214.66	-0.1 -0.1	1.96	199.02	191,77	132.96	150.82	166.31	202.03	163,46	169.6
The World Index (2391)	201.38							_	228.97	220.62	162.96	173.51	214.95	232.30	181.60	184.5
opyngitt, The Firencial Times L		-0.2	195.08	134.27	153.33	171.08	-0.1	2.17	201.71	194.36	134.75	152.86	171.20	204.65	165.92	172.0